FINANCIAL TIMES



IT in Europe One race.

many roads Technology, Page 6



Separatism in Italy Umberto Bossi's beguiling brew



DM against the Franc (FFr per DM)

index closed ahead 0.86 per

cent at 2.017.87, recouping vir-

tually all the ground lost the

September PIBOR contracts,

hich show the level of

French interest rate expecta-

tions, rose to 96.07, up 31 basis points on the day. At this level

previous day.

Weekend FT Hunt for the missing major

rld Business Newspaper http://www.FT.com

FRIDAY AUGUST 23 1996

Chinese call on **Taiwan to resume** reunification talks

China called for a resumption of talks with Taiwan in an attempt to increase pressure on Taipet over speeding up progress towards reunification. China's leading negotiator with Taiwan, Tang Shubei, said Beijing wanted a peaceful reunification and an end to hostility.

Page 10; Anger at impasse, Page 4

Germans discuss Emu problems: German businessmen met government officials to discuss expected problems when the D-Mark is replaced by the euro in European monetary union, even though the switch is not scheduled until 2002. Page 10

Rentokil of the UK, the world's largest business services group which took control of BET earlier this summer, announced a 35.6 per cent increase in first-half profits to £134.5m (\$209.8m). Page 11; Lex. Page 10

Hungary delays energy price rises: Hungary will postpone controversial energy price rises it promised international investors last year, after the cahinet rejected the state energy office's proposals, Page 2

Norske Skog, Norway's largest pulp and paper group, reported a 22 per cent jump in first-half earnings from NKr857m to NKrL04bn (\$162m), Page 13

Peru's president seeks third term: Peruvian opposition leaders have attacked an ettempt by President Alberto Fujimori to stand for a third five-year term, saying it is unconstitutional and an effective coup d'état. Page 10

BASF, the German chemicals group, reported a 3.5 per cent increase in first-half profits to DM2.93bn (\$1.96bn), after favourable currency movements lifted earnings by DM300m. Page 13

Australia leads push for N-test treaty: Australia said it would take the lead in international efforts to rescue a comprehensive nuclear test ban treaty following India's move to veto the draft text in negotiations in Geneva, Page 3

UN criticises Bosnian police: The United Nations said police in north-western Bosnia were failing to stop violence against opposition voters despite promises to support free and fair elections next month. Page 2

Egypt threatens to cancel conference: Egyptian president Hosni Mubarak threatened to cancel a Middle East economic conference in ss the Israeli gover bonouring its peace commitments. Page 3

Canon, the camera and office equipmentmaker, more than doubled first-half profits to Y63.7bn (\$588.2m) following strong demand for semiconductor chips and computer related products, and the weaker ven. Page 12

Apoc members reject IT plan: Several Asia Pacific Economic Co-operation forum members distanced themselves from US proposals to liberalise trade in information technology, saying it would unfairly benefit US groups. Page 3

Seoul to crack down on protests: The South Korean government said it would crack down on demonstrations after a riot policeman died following the recent protest at Seoul's Yonsei University. Page 4

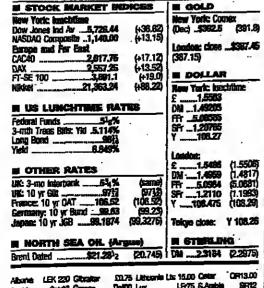
Thousands attend Belgian giris' funeral:



About 5,000 Belgians attended the funeral (above) in Liege of two eight-year-old girls who starved to death after their abduction by a paedophile gang. The bodies of Julie Lejeune and Melissa Russo, who disappeared in June last year, were this week discovered by police in the garden of convicted child rapist Marc Dutroux.

Cricket: John Crawley's innings of 94 helped England reach 278 for six on the first day of the third Test against Pakistan at The Oval, London. Pakistan lead the three-match series 1-0.

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World Tracks News Arts Guide LIK News

CONTENTS

FT/SP-A Wid Indices. Int. Bond Sentce ...

INMINON -LEEDS - PARIS - FRANCIFIRIT - STOCKHOLM - MADRIO - NEW YORK - LOS AMGELES - YORYO - HOME KONG

Surprise over sharper than expected reduction aimed at boosting recovery

Europa, Page 8

Germany cuts repo rate to 3%

By Andrew Fisher in Frankfurt, David Owen in Paris and Richard Adams in London

The Bundesbank yesterday cut one of its key interest rates more sharply than expected in an apparent hid to reinforce the German economic recovery and help support the shaky French franc.
The German central bank

lowered its securities repurchase (repo) rate, through which it influences the money market, from 3.3 per cent to a new low of 3 per cent, citing slower growth in the money supply as the main reason for

European share and bond prices moved ahead on the news and the dollar strengthened against the D-Mark. In London, news of the

Bundesbank rate cut is welcomed in France but not by holders of D-Marks Repo nata (%) French Intervention rate (%)

greeted with shouts of surprise on trading floors. The Bank of France quickly followed the Bundesbank, cutting its intervention rate by 0.2 percentage points to 3.35 per

Last month, President Jac- franc.

Bundesbank's decision was ques Chirac criticised the management of France's banking system and said French and German interest rates were "clearly too high". His remarks are widely believed to have contributed to this month's depreciation of the

ket responded favourably to the reductions. The franc rose strongly against the D-Mark. to FFr3.409 at close of trading in London, from FFr3.421 on Wednesday.

The henchmark CAC-40

Yesterday, the French cur-

rency and the Paris stock mar-

DM against the dollar (Dm per \$)

next month.

A repo rate cut had been expected after the Bundesbank took no action at its last coun-cil meeting in July, but most economists and traders had expected a cut to around 3.2 per cent. Several economists thought further repo cuts and even a lower discount rate currently 2.5 per cent - were now possible.

dealers expect French interest rates to be about 3.93 per cont

Mr Hans Tietmeyer, Bundes bank president, said the reduced July growth rate in the M3, the broad monetary aggregate, announced this week was "decisive" in the

Continued on Page 10 Surprise for markets, Page 2 Editorial Comment. Page 9 Lex. Page 16: Bonds, Page 18

Chechen refugees return to 'hell on earth' after Lebed grants reprieve

Civilians brave crossfire to go back to Grozny

In Alichen Yurt, Chechnya

Two dozen citizens of Grozny. the shattered capital of Chechnya, yesterday set out on what is probably the most dangerous bus trip in the world.

They fled the city earlier this week after Russian military commanders gave civilians 48 hours to leave. Yesterday, Mr Alexander Lebed, Russia'e national security chief, announced a reprieve and, in spite of fears that it might be a short one, they boarded a rickety bus and prepared to return home. "All I possess is this dress

you see me wearing, and it was given to me by kind people who took pity on us refu-gees," said Mrs Malika Sultaeva, e 38-year-old housewife returning to Grozny with her nine-year-old son and her hus-band. "Everything I ever created in my whole life is there: my home, my cows, my clothes. Without all this, there is no life for ma, so I must go

From their starting point, a dirt road on the outskirts of Alkhan-Yurt, they could see the dancing flames and clouds of black smoke from Grozny's

blazing oil refinery.

Their driver predicted the journey would take no more than 40 minutes. But they would have to pass hostile Russian military checkpoints and travel along a road across which Russian soldiers and Chechen separatists regularly

Russian president Boris Yelisin yesterday appeared in front of the mass media for the first time since his absence on holiday and rumours about his health, but kept his distance from the television cameras. Meanwhile, Mr Alexander Lebed. the national security chief; signed a ceasefire deal with Chechen separatists. Mr Lebed said he and Mr Aslan Maskhadov, the Chechen chief of staff. were ready to agree a nine point deal for the partial with-drawal of troops from Grozny. establishing a joint military police to investigate breaches of the ceasefire. Report, Page 2

trade fire. The travellers expected to re-enter a city which one woman passenger described as "hell on earth." with little food, no running water or electricity and unburied corpses in the streets. Most passengers said they

were making the trip because, after two years moving between their city homes and the safer countryside, they were determined to protect the only possessions they had left. One, Mrs Zara Gatsaeva, said: "If the federal forces [Russian soldiers] don't take it, our own maranders will."

Sitting next to her was Mrs Zolpa Usipova, a frail, elderly woman who had survived as a girl Stalin's mass deportation of the Chechen people to cen-tral Asia. She insisted: "I am not fleeing back to my home, I



Russian president Boris Yeltsin returned, after e mysterious two-day break, to the Kremlin where he greeted Tatyana Dmi-

trieva, who is set to be named health minister am going back to retrieve my

daughter's corpse."
Mrs Rugevat Salgareeve, a middle-aged matron in a white headscarf, said she and other refugees fleeing Grozny on Sunday had been forced to surrender most of their possessions to secure safe passage. "They took everything .

gold, my husband's wedding ring, my earrings. They said if yon want to live put everything down," she said.

As they were preparing to leave, there was some gratitude for Mr Lebed's intervention. "Lebed is our last and only hope," said Mrs Usipova.

US crackdown puts pressure on cigarette groups

York and Pattl Waldmeir in

Political and legal challenges were yesterday converging to put the US tobacco industry under some of the most acute pressures it has recently faced. President Bill Clinton was expected to announce as early as todey a crackdown on underage smoking by giving the Food and Drug Adminis-

regulate cigarette makers. Separately, the industry is Indianapolis court case in which the big tobacco companies are being sued over the death of a smoker from lung cancer. The jury could deliver its verdict today.

Indianapolis case because it follows e verdict two weeks ago by a jury in Florida awarding \$750,000 against the indus-try. That decision, in a similar case, stunned tobacco manufacturers, which had never previously paid out any damages. Investors fear another verdict against the cigarette makers will open the flood gates to vast numbers of

At midday in New York yesterday, shares in Philip Morris, the biggest US tobacco company, were \$114 down at \$86%. some 18 per cent below the level of two weeks ago. Shares in RJR Nabisco, the second biggest tobacco company, were up \$1/4 at \$25 - some 21 per weeks earlier. In London, shares in BAT Industries, parewaiting the outcome of an ent of the US's Brown & Williamson Tobacco, closed 24p

down at 422p. Mr Clinton's expected move against under-age smoking. first proposed a year ago, worries tobacco manufacturers not Tobacco stocks have so much because of its new slumped amid worries over the limits on the advertising and sale of cigarettes, but because it means bringing the industry under the regulatory authority

> Continued on Page 10 Fears ignited, Page 5 Editorial Comment, Page 9 Lex, Page 10

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start of a perfect partnership.



Telefónica and Kirch link up in digital TV venture trolled by Mr Rupert Mur-

By David White in Medrid and Raymond Snoddy in London

Telefónica, the partly privatised Spanish telecommunications organisation, has agreed in principle with Germany's Kirch group to set up a digital television joint venture in Spain which would involve investments estimated at Ptal50bn (\$1.2bn).

Telefónica said other shareholders might join the planned venture, the latest move in a Europe-wide race to launch digital television systems capable ultimately of offering several hundred tele-

the UK satellite venture con-

doch's News Corporation already has a digital TV joint venture with Kirch in Germany and is seriously interested in joining in the Spain-

The agreement between Telefónica and Kirch was reached on Tuesday in a meeting in Madrid between Mr Leo Kirch, head of the German group, and Mr Juan Villalonga, the new Telefónica

The Spanish side has set two main conditions: that it should hold the controlling stake in the joint venture and that the network should be British Sky Broadcasting, available to any programme

Telefónica's ambition to establish a "platform" for digital television channels last month. The company said the move was part of its strategy of being involved in all areas of telecommunications.

The main onus of investment would be not so much on satellite communications, in which Telefonica was well placed, but on new multi-use Telefónica said that Canal

Plus, the Spanish affiliate of the French group already providing encrypted television. would not be excluded from the new system.

BSkyB Internet link, Page 6

called for the full reintegration of the Soviet

persuade other CIS governments about the

The influence of Mr Victor Chernomyrdin.

government was evident in the appointment

Gazprom gas monopoly, once headed by Mr

Chernomyrdin. He is expected to shift the

manager, although that did not stop some

oil industry bosses calling for the ministry

of Mr Peter Rodionov as energy minister.

Union but Mr Tuleyev may struggle to

the prime minister, in shaping the new

Mr Rodionov is a board member of the

ministry's emphasis towards the gas

industry. His predecessor, Mr Yuri

to be scrapped altogether.

Shafranik, was a former oil industry

destrability of such a move.

President is trying to distance himself from the Chechnya debacle, writes John Thornhill in Moscow

President Borie Yeltsin, who results of his work in Chechhas been out of the pubbc eye for two weeks, yesterday returned to the Kremlin in an attempt to reaseert his authority in a city rife with rumours about his ailing health and political

in his customary style, Mr Yeltsin sought to distance bimself from responsibility for the latest upsurge of fighting in Chechnya, adding he was "not fully satisfied" with the performance of Mr Alexander Lebed, bls national security adviser. who has been trying to bring

peace to the region.
"One has to remember that when be [Lebed] met with voters he consistently promised to solve the problem of Chechnya if be had power. Well, now he has power. But, regrettably, the

nya are still not visible," be said, in an interview with the semi-official RIA Novosti news agency.

The president said be received regular updates about the situation in Chechnya but did not appear to be aware of developments in the region. His comments came only bours before Mr Lebed made an apparent breakthrough in talks with the Chechen separatist leaders to reach a lasting cease-

Following a meeting with Mr Aslan Maskhadov, the Chechen chief of staff, Mr Lebed claimed both sides were ready to sign a ninepoint agreement providing for the partial withdrawal of troops from Grozny, the Chechen capital, and establisbing joint military police offiPresident Boris Yeltsin, who returned to the Kremlin yesterday after a mysterious two-day break, completed the formation of his new government by bolstering his economic team with more industrialists and offering a ministerial portfolio to a

Communist rival, writes John Thornhill. Mr Yeltsin's most eye-catching decision was to make Mr Aman Tuleyev, a leading moderate Communist, responsible for co-ordinating relations with other members of the Commonwealth of Independent States. Mr Tuleyev ran as a Communist candidate in June's presidential race before pulling out in favour of Mr Gennady Zyuganov, the Communist party leader. Russia's Communists have repeatedly

cers to investigate breaches of the ceasefire.

withdrawn from Grozny because constitutional order cannot be introduced using stitutional status of Chech clear how Mr Lebed would air and artillery strikes," be said. "They will be with s draft political agreement ingly irreconcilable differ-

drawn from the whole of in two days. We will discuss Chechnya. Mr Lebed also "[Russian] troops will be claimed to be on the brink of

it and sign it. Sporadic fighting continsealing an elusive political ned in Chechnya yesterday agreement defining the conover Chechnya's constitutional status. Cranting Chechnya independence would require an amendment to the Russian constitution and has been repeatedly rejected as an option by Mr Yeltsin. But Chechen militants have said they will settle for nothing less than full autonomy. Several previous ceasefires have collapsed.

The Communist press in Moscow already appears to be sharpening knives for Mr Lebed if he signals a humiliating withdrawal from the region. The former general will have to devise some formula to preserve the dignity of the Russian military but he appears ready to defend

"I predict attacks by jingoistic patriots and jingoistic democrats for signing the who is unhappy is welcome to complain, including to the president and God Almighty himself.

Any lasting peace deal with Chechnya would be a considerable boost to Mr Lebed's ambitions to become president. Despite his preoc-cupation with Chechnya, be has still found time to write to Mr Victor Chernomyrdin, the prime minister, urging him to revise next year's draft budget.

According to the Interfax news agency, he called for more government spending on the armed forces and investment, and suggested raising import and gas export duties to increase fed-

eral revenues.

Mr Yeltsin yesterday completed the formation of his new government and empha-

ences between the two sides accord," he said. "Anyons sised the need to pursue reform. Russian televiaion showed fairly full excerpts of him answering selected journalists' questions and greeting bis newly-appointed health minister in his Kremlin study.

The 65-year-old leader looked somewhat unsteady on his feet but spoke clearly and appeared in control of his faculties. Commenting on rumours that he intended to take a holiday in Switzerland, Mr Yeltsln said: "Thanks to the press for the invitation, but I cannot go as there are problems which should be solved here."

His reappearance will quash the worst fears about his health but do little to suppress the intense speculation about who holds the levers of power in the Krem-

The rate cut cliffhanger has been settled in style, writes Andrew Fisher in Frankfurt

Bundesbank springs surprise on markets

bigger rabbit out of the bat than expected. After keeping financial markets on tenterhooks for weeks by bolding out the prospect of an interest rate cut and then sitting tight, the German central bank yesterday finally ended the suspense in style.

its decision to lower the securities repurchase (repo) rate from 3.30 per cent to 3 per cent, rather that to around 3.20 per cent. appeared to have been made at least as much for international as for domestic reasons, Concerns about said the repo move showed France's economic outlook, the Bundesbank's "European and its chances of meeting awareness. However, apart the criteria for European monetary union, have put pressure on the franc recently.

saying the Bundesbank acted as much for Europe as

Turkey's conservative

opposition leader will break

nearly two months' silence

tomorrow when be puts for-

ward his name for re-elec-

Mr Mesut Yilmaz, leader of

the Motherland Party, practi-

cally vanished from the

political scene at the end of

His short-lived govero-

ment collapsed after Mrs

Tansu Ciller, leader of the rival centre-right True Path

party, pulled out of his coali-

tion to form a new govern-

ment led by the Islamist Refah party of Mr Necmettin

Although Refah's populist

policies have worsened the country's economy and Mr

Erbakan has made gaffes

and blunders uffering innu-

mcrable opportunities for

point-scoring, Mr Yilmaz has

Still, be is expected to win re-election despite his unin-spiring leadership. Only onc

little-known candidate has

entered the ring against him.

overshadowed by Mrs Ciller

and Mr Erbakan, both flam-

boyant and effective cam-

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B

A ponderous speaker,

remained silent.

THE FINANCIAL TIMES

GERALANY:

FRANCE

Erbakan.

tion as party leader.

Turkish party

leader emerges

from shadows

could be considered the first European act of the German central bank,"

Certainly, the repo cut was greeted entbusiastically in financial markets, with an immediate rise in the dollar against the D-Mark, higher German bond and sbare prices and an easing of pressure on the French franc. Helping to bolster the currency. Banque de France also cut its intervention rate from 3.55 to 3.35 per cent.

Mr Klaus Friedrich, chief economist at Dresdner bank, from paying closer attention to European economic needs ahead of Emu, it was also looking to the needs of Ger-"You can make a case for man exporters,

Thus, while the repo cut would not have a big direct for themselves, said Mr impact on the German econ-John Butler, bond analyst at omy, it would lower the is a very critical factor for the repo rate has been WestLB Researcb. "This D-Mark against the dollar the economy," Mr Friedrich increasing for some time.

ugners, be has led Mother

land to two general election

defeats since becoming

He lost to True Path in

last December's elections

despite Mrs Ciller's poor

record in government. Mr

Yllmaz returned briefly to

power this year only to be

Mr Kamran Inan, a senior

Motherland MP, said: "Mr

Yilmaz will be re-elected but

there is growing opposition.

There is a feeling he is try-

ing tu set up a party to be in

opposition, not to be in

Mr Yilmaz should take about 800 out of 1,200 votes

at tomorrow's conference

outmanoeuvred by ber.

leader in 1991.

The German economy returned to growth in the secon quarter amid signs that the country is gradually pulling out of the "growth pause" that started in the middle of last year, the economics ministry said yesterday, writes Peter Norman in Bonn

The ministry indicated that official figures to be published on September 5 would show a "marked" increase in seasonally adjusted real gross domestic product in the second quarter, compared with the first three mouths, and a gain of about 1 per cent over the second quarter of 1995.
German GDP in the first quarter contracted by 0.5 per cent
compared with the preceding three months and was only 0.3 per cent higher than the year before.

In its latest monthly report, the ministry said there was a pronounced" increase in demand for manufactured goods, with higher domestic orders bolstering already stronger export demand. However, the construction sector continued to experience a cyclical downturn. The labour market continued to be depressed with the economic upswing still too weak to trigger a rapid easing of Germany's high unemployment rate of just over 10 per cent.

and other currencies and added. make it easier to sell German goods abroad. "The Bundesbank knows the external value of the D-Mark

With inflation low, economic recovery hesitant and growth in the money supply easing, the scope for a cut in

Bundesbank directors have been saying that the M3 trend would be watched closely to see if the room for manoeuvre was finally large enough for action. This week's news that M3

in July had slowed down to an annualised growth rate of 8.6 per cent, compared with a target range of 4-7 per cent for the year, provided the right conditions. A repo cut had also been expected at the end of July, before the Hundesbank'e summer hreak, but it still regarded M3 growth as too high to justify this.

The repo rate, which the central bank uses to steer short-term money market rates, was left unchanged when it cut the discount and lombard rates to 2.50 and 4.50 per cent respectively in

Yesterday, Mr Hans Tietmeyer, the Bundesbank'e president, said the downward trend in M3 was the "decisive" factor in the repo decision. He also noted that inflation was under control and that the rate move was in line with general economic conditions. Finally, he said, lower rates also fitted into the international pic-

Mr Julian Jessop, chief European aconomist at Nikko Europe, called this a clear indication that the move was timed to help the French franc, as well as meet domestic needs. "Whatever the politics of Emu, the German economy cannot afford a collapse in the currency of its largest trading partner.

Any further rate cuts would probably be sparked by another European currency crisis, he said. All three economists said a further cut in the discount rate could no longer be ruled out. "The fundamentals would support a 2 per cent discount rate." Mr Butler said.

EUROPEAN NEWS DIGEST

Simitis calls early election

Greece's prime minister, Mr Costas Simitis, yesterday called an early general election on September 22. The announcement followed a special cabinet meeting. His mandate does not expire until autumn next year, but Mr Stmitis said the country's ailing economy and tense relations with neighbouring Turkey necessitated an early

Mr Simitis, 60, is one of Greece's most popular politicians and poll analysts give his Pasok Socialist party a slight edge over the main opposition conservative New Democracy party. Mr Simitis, who replaced Mr Andreas Papandreou, the party's late founder, as premier in January, wants a public mandate to push on with tough economic decisions aimed to bring Greece in line with its European Union partners Reuter, Athens

Austria's Haider for trial

Austrian state prosecutors said yesterday they would start legal proceedings this week against Mr Jörg Haider. leader of the far-right Freedom party, alleging defamation of the character of Mr Caspar Einem, the interior minister. The prosecutors said remarks at a Freedom party convention "pertained to Einem's alleged abuse of office", but did not say what the remarks were.

The Interior Ministry said the case also concerned allegations by Mr Haider that Mr Einem had spent time in jail on a drugs offence. Mr Haider, his spokesman and his lawyer were not available to comment.

After proceedings start, a court will set the date for a trial. If found guilty, Mr Haider could face up to a year in jail. Members of parliament are normally guaranteed.... immunity from prosecution but a special parliamentary committee revoked Mr Haider's immunity last March. In 1991, he was forced to resign as governor of Carinthia after praising Hitler's labour policies. Reuter, Vie

Denmark set for 1.8% growth

Denmark's Economic Affairs Ministry has held firm on its predictions for growth, despite encouraging employment figures and stronger growth in all sectors of the economy It repeated its May forecasts of 1.8 per cent growth in gross domestic product this year a further 3 per cent in

Ms Marianne Jelved, economics minister, also reaffirmed the government's commitment to reducing the budget deficit which this year is forecast to fall from 1.6 per cent of GDP to 1.5 per cent, while in 1997 it is predicted to be only 0.5 per cent.

The government sees inflation at a modest 2 per cent for the rest of this year, rising to 2.3 per cent in 1997. Total employment is expected to rise by 18,000 this year and by 30,500 next. Unemployment, projected at 250,000 this year, is forecast to fall by 10,000 in 1997. This represents a rate of 8.6-9 per cent of the labour Andrew Arnold, Copenhagen

Bulgarian airline deeper in red

Bulgaria's state run Balkan Airlines slipped deeper into the red in the first haif of the year, a Transport Ministry official said yesterday. The airline is among 70 indebted state companies due to be restructured under a government austerity programme agreed with the International Monetary Fund.

The government blamed losses of about Lvl.8bn (\$9m) up from Lv650m in the same period last year - on the weakening of the Bulgarian currency. The lev has lost 80 per cent of its value against the dollar this year. Balkan's debts are estimated at \$13.4m and will increase to \$15m this year, ministry officials said, adding that the company would try to reschedule them.

Meanwhile, the Privatisation Agency said it had sold six hotels and restaurants in the Black Sea resorts of Zlatni Pyasatsi and Slanchev Bryag for Lv178.7m. The Bulgarian-based buyers will have to invest some Lv1.3hn user three years. over three years. The government also approved plans to sell up to 75 per cent of the debt-ridden Plama oil

Irish detain Japanese trawler Irish naval officers yesterday shadowed a Japanese

Irish naval officers yesterday shadowed a Japanese trawler and escorted another to port in a crackdown on illegal fishing in Ireland's western waters. It was the first time the authorities had detained a Japanese vessel inside the 200-mile "Irish box" on suspicion of illegal fishing. A senior naval official told Irish radio that officers were preparing to board a Japanese vessel found inside the irish box yesterday. A second vessel was being escorted to Cork, in southern Ireland, after being found in the Irish box earlier this week. A further 30 Japanese vessels are grouped just outside the boundary.

Corsican truce 'at an end

Corsican separatists yesterday announced they were ending a shaky seven-month "truce" and accused the French government of reneging on secret commitments.

Mr Jean-Louis Debré, the interior minister, quickly promised that police would catch those responsible for a series of attacks on state targets on the French Mediterranean island, and accused the perpetrators of sabotaging efforts to pull it out of an impasse.

The separatist announcement came after two overnight bombings caused minor damage to tax collection offices in Calvi and welfare offices in He Rousse, both in the north-east of the island. No one was injured. No one claimed responsibility for the attacks but

investigators said they were most probably part of an apparent resumption of two-decade-old separatist



Election posters cover the wall where 19 people quencing for bread were killed at height of the war

because, as party leader, be was able to select the major-UN criticises Bosnian police over poll campaign violence ity of the delegates. However, his opponents hope such a large opposition contingent will force him to

hold an extraordinary conference where a more convincing candidate could be tempted into the field. Most commentators agree Motherland lacks charis-

matic potential leaders to establish it as the centreright secular alternative to Refah. Mr inan waros the party may "lose more and more ground and Turkey will become more and more radicalised. The next five to six years will be the era of The United Nations said yesterday that UN spokesman, Mr Alex Ivank. local police in northwestern Bosnia were falling to stop violence against opposition voters despite promises to support free and fair elections.

scheduled for September 14, Reuter reports from Sarajevo. The intimidation suffered by people affiliated with opposition parties may leave them too frightened of reprisals to vote in the country-wide elections, the UN said.

Three explosious damaged the bouses of supporters of political parties opposed to the ruling Moslem nationalist SDA party in the town of Cazin, in the northwestern Bihac area of the Moslem-Croat federation, said

been scolded by the UN consistently in recent weeks for attacks on opposition voters, often using explosive devices.
Active barassment and intimidetion of the political opposition in the area

began in June when an SDA loyalist struck Bosnia's former prime minister. Mr Haris Silajdzic, on the head with an iron pipe. Mr Silaidzic is now the chief rival to Mr Alija Izetbegovic, tha country's president and head of the

SDA supporters of intimidation. The authorities of the Moslem-controlled Bihac region have Last week the UN won assurances from senior Moslem-Croat and Serb police officials that they would instruct their forces to support free

and fair elections.

Exasperated by security promises constantly being broken, Mr Ivanko said it was "disheartening to see that statements and agreements made at the level of ministers of interior. . . . for some reason do not materialise at the local level. It seems that the situation is not getting better,

it's getting worse," he said. "It's very tense in Caxin and the local police are not doing anything... to try to change the situation."

UN monitors recently received a letter from a local opposition party accusing nine police officers and eight

Government caught between conflicting pressures from public and investors

Hungary to delay energy price rises

By Virginia Marsh in Budapest

Hungary is to postpone the controversial energy price rises it promised international investors last year. after the cabinet yesterday rejected the state energy office's price proposals and ordered a review of the matter by a new committee. Government officials said the price increases would come into force in January,

not October as it told west-

ern utilities which invested

nearly \$2bn in electricity

last autumn. In the mean-would move to a cost-reflec-marked if it didn't push at the unclear and incomtime, a group of as yet tive price regime, including through the promised plete regulatory framework. unnamed experts would a guaranteed 8 per cent bave two months to study return, by 1997.

[included by energy companies]," the government spokesman said. The government promised

the options.

This could mean, bowever, large and deeply unpopular posed were too high, others price increases to which were too low. There were many cabinet members are also nnnecessary costs reluctant to agree. The issue is believed to have been a factor behind the resignation

of the industry minister last investors in power geners-"Tbe government is tion and gas and electricity caught between angry condistribution companies sumers and angry invesmany of which are loss-maktors," one western executive France, after several US and which was just beginning to

changes. It must move quickly to remove the uncertainty. Otherwise the sector won't get the investment it so badly needs."

Western companies said they had no prior warning of to this process; our costs yesterday's decisions and remain what they are," one that they would be jointly investor said. "It is also seeking clarification. Stakes in the energy com-

panies were sold to continental European utilities, mainly from Germany and ing and require substantial said yesterday. "But its cred- UK groups pulled out at the gain the confidence of the modernisation - that it ibility would be severely last minute, citing concern industry."

Investors said vesterday they were also surprised at the government's decision to appoint a new group to make the review. "I don't see what a new group could add strange to appoint a committee when a state regulatory body already exists. This is damaging for the energy office, a new institution,

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· Tree water · - introduces Markon Mar the second first beauty THE LAW THE يس اللهاء المطلح الد

By Sean Evers in Cairo and David Gardner in Jerusalem

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President Hosni Mubarak of Egypt threatened yesterday to cancel e Middle East economic conference scheduled for November unless the right-wing government in Israel started meeting its peace commitments. In spite of Israel's declara-

tion of respect for the principles on which the peace process was founded, Mr Mubarak said: "No progress has been made on the ground... I call on Israel to make progress, otherwise the economic summit will be

Scheduled to take place in Cairo on November 12-14, the US-sponsored regional con-ference is intended to proneighbours, with the political settlement. But the peace Israeli government. Prime months overdue.



progress 'on the ground'

Minister Benjamin Netanyahn abandoned the "land for peace" principle and mote economic integration. lifted a four-year freeze on between Israel and its Arab new Jewish settlements in Palestinian self-rule areas: cal settlement. But the peace The redeployment of Israeli process has been stalled troops from the Palestinian since the May election of the. town of Hebron is now five

after giving Mr Netanyahu on peace, the world could not wait much longer. "We worried that the length of time could affect the peace process. If there's no clear progress in the implementation of the agreements and entering negotiations, I believe that many countries will not come (to the conference)," he told academics in Alexandria.

The Egyptian president's remarks were the strongest sign yet that Egypt is recon-sidering going ahead with the conference, the third in a series. Israel and most Arab states attended the previous two, held in Casablanca in 1994 and Amman in 1995.

Cancellation would deal e serious blow to US-backed ettempts to provide economic foundations for detente in the Middle East. It could also have a serious impact on the Israeli econ-

Israel's economy has been more than two months to act able to grow 25 per cent, because it broke out of diplomatic isolation and new markets - particularly in Asia opened up to it.

As a key intermediary in the peace process, Egypt believes that Israel's recent heavily on the legitimacy provided by the peace process and conversely Arabs can pressure Israel by withdrawing their approval. Cairo, which hosted the

first Arab League summit in six years at the end of June following Mr Netanyaha's victory, is under pressure from other Arab countries to scale back commercial and diplomatic ties with Tel Aviv. The June summit warned that the process of "normalisation" with Israel would stop if the Netanyahu government stuck to its refusal to negotiate the return of conquered Arah omy. In the last four years of land in exchange for peace.



Palestinian president Yassir Arafat accompanies Norway's Terie Larsen, UN special envoy to the West Bank and Gaza. Anthority faces financial collapse if an Israeli blockade is not lifted and promised international aid fails to arrive.

Ban on Arafat critic's books

The Palestinian self-rule administration of Mr Yassir Arafat has banned the books of one of its most eloquent and Internationally renowned critics, Mr Edward Said, writes David

Gardner in Jerusalem. Mr Said, a Jerusalem-born Palestinian and US citizen who is professor of Engish and comparative literature at Columbia University, has long advocated e peeceful settlement between the Palestimans and Israel. But he legislature, told Reuters hes strongly criticised the 1998 Oslo eccords as raising it in the legislative unworkable end so one-sided as to amount to e

capitulation by Mr Arafat. Probably his worst crime, in Mr Arafat's eyes, is to question the political, technical and linguistic competence of Palestinian negotiators. This is a criticism echoed by Palestinian experts when the PLO withdrew them e year ago from negotiations on the "interim" self-rule stage of

istry of information was unable to comment on the ban yesterdoy, but two booksbops in Ramsllab, near Jerusalem, sald they had been told to withdraw the books. Ms Zeinah Estrabadi, Mr Said's secretary in New York, confirmed the ban but said the professor was hospitalised with pneumonia and mavailable for comment. Mr Ziad Abu Amr, a member of the Palestinian news agency be would be

made. The Palestinian min-

The ban fits into a widening patiern of abuses by Mr Arafat's increasingly entocretic edministration, including the death uoder torture of nine dissidents.

council.

Since a series of suicide bombings inside Israel in February and March, Mr Arafat has come down bard on Islamic fundamentalist factions such as Hamas.But even before then he was in the peace process, in which they and Mr Said helieve civil society born ont of the damaging concessions were nationalist struggle.

Plan to overcome Indian veto

Australia to lead N-pact rescue effort

By Frances Williams in Geneva

Australia yesterday declared its readiness to take the lead in international efforts to rescue a comprehensive test ban treaty (CTBT) following India's formal move carlier this week to veto the draft text in negotiations in Geneva.

Mr Richard Starr, Austrulla's ambassador to the Geneva-based United Nations disarmament conference, said his government would work with "friends of the CTBT" to take the draft pact directly to the United Nations General Assembly in New York. "The treaty text must not be allowed in die." he said.

Unlike the 61-member disarmament conference, which operates by consensus, the Geogral Assembly can approve the pact by majority

All five declared nuclear powers - the US, UK, Russla, Chma, and France - are backing the Australian move, but it is not clear whether they will become co-sponsors of the UN resolution. Mr Starr said the Canberra government had not yet taken a final decision on how to proceed. However, the treaty's sup-

porters hope to stick to the original timetable of having It endorsed and ready for signature by the General Assembly's 51st session. beginning on September 17. Australia, with New Zealand and Mexico, sponsored last year's General Assembly resolution asking the disarmament conference to present a nuclear test ban treaty

for signing next month. The draft pact, the outcome of 31 months of negotiations in Geneva, would permanently outlaw all nuclear explosions, enshrining in have an immediate impact international law the volun- on global behaviour." Mr tary moritorium on testing Starr said.

now being observed by the five nuclear powers.

But oo Tuesday, India blocked agreement to transmit the text to New York. New Delhi objects to the treaty because it does not contain a time-boond com mitment by the nuclear pow ers to scrap their nuclear arsenals and because it requires ratification by India (and 42 other nations) in order to come into force.

Western nations regard these arguments as specious and many developing countries have also been dismayed by the Indian decision, widely seen as protecting the country's noclear option rather than upholding a principled stance on disarmament India tested a nuclear device

Mr Starr said that in view of the "paralysis" in the disarmament conference the bræder international coor munity should be given the opportunity to endorse the treaty. He underlined that it would be submitted to the General Assembly for approval without amend-

All five nuclear powers, in virtually identical language. yesterday repeated their sup-port for the draft "as it is". This is the text that can give us a treaty - oo other, Mr Starr said.

Mr Stephen Ledogar, US disarmament envoy. acknowledged there was a risk that countries would try to unpick the text in New York bot said he thought there was "a very good chance of success".

Even without India's par ticipation the treaty is seen as having moral dissuasive value. "The signature of this treaty by a credible number of states, including the five nuclear weapons states, will

confesses rights abuses

Mbeki.

By Roger Matthews

South Africa's ruling African National Congress yesterday named more than 30 men executed in its training camps in evidence it has snbmitted to the country's Truth and Reconciliation

After the carefully qualified apology made on behalf of the National party by former president F.W. de Klerk on Wednesday before the commission investigating human rights abuses committed during the epartheid era, it was the ANC's turn to justify its actions.

While Mr Thabo Mbeki, deputy president, claimed the ANC had fought a just war" against white rule, he also testified about some of he brutal aspects of that people, had an equal right as did other colonised peopla for self-determination, and to the brutal aspects of that

eion, chaired by Nobel prize winner Archhishop Desmond Tutu, he listed names of 34 men executed on the orders

of military tribunals in ANC training camps in Angola. He said they had seriously violated the military code of conduct, sometimes by mutiny, including ettacks on senior officers. However, the ANC asked the Commission to under-

conditions in the camps, and the effects of being under constant threat from the apartheid regime. Mr Mbeki said that the movement never accepted that power grew out of the barrel of a gun, but it would

stand the sometimes difficult

never have achieved freedom by relying on parliamentary "The majority of our conotry, oppressed as a colonised.

the time.

engage in struggle to of lives caused by operations achieve this right," said Mr of this nature," he said, "but "We were therefore engag-

ing in a just war," be added.
The ANC, he said, had made a determined effort to ensure the "irregular war was conducted according to international conventions. and any resultant behaviour not consistent with those aims "betrayed the humane character of the movement for national liberation". Mr Mbeki, like Mr de

Klerk the previous dey, acknowledged there were also cases on the ANC's side which the Commission might investigate as they could fall into the category of gross human rights

However, Mr Mbeki insisted that these were the exception, and had to be viewed within the context of

"We deeply regret the loss

of this nature," he said, "but the overwhelmingly majority of actions were carried out in the course of a just war of national liberation."

The ANC also distanced itself from the practice of "necklecing" - putting a tyre around a victim's head and then setting it alight -and asked the Commission to understand the "highly abnormal circumstances in which such actions took place" It suggested the practice

had been initiated by members of the security forces, and used as a weapon with which to discredit the organisation. The Commission is investi-

gating a series of atrocities carried out during the apartheid period, and has the right to give amnesty to those who fully confess, and provide reparations for vic-

NEWS: WORLD TRADE

IT liberalisation 'would benefit US'

City, Philippines

The season of the Law spirit

at milite desperium

Contract Charles Charles (

members of the 18-nation Co-operation forum yester-day distanced themselves from US proposals to fully liberalise trade in information technology and prodncts, claiming that the intwould tiative disproportionately benefit

announce the nationalisa-

now an Egyptian holding

company," said Gamal Abdel

These historic words were greeted with frenzied

applause throughout the

Forty years on, the real

challenge for the Suez Canal

back traffic to the canal.

especially the northbound oil tanker trade, which

accounts for one third of its

This traffic has dropped by

over 30 per cent between 1991-95, from 3,549 vessels to

\$2bn annual revenue.

Nasser on 26 July, 1956.

replayed ever since.

World Trade Organisation m advance of their ministe-Several Sonth-east Asian rial meeting in December. were criticised for lack of trade forum.

The US initiative, which would seek to eliminate tarcomputer software and hardware and related tele-

By Edward Luce in Davao, bers of the Geneva-based persuade Apec to adopt a common line on IT liberalisation encountered widespread scepticism yesterday.

"Some lesser developed Asia Pacific Economic clarity by members of the Apec members thought the proposal as it stands would be of more benefit to the US than its trading partners," iffs on IT products such as said Mr Antonio Basilio, chair of the Apec senior officials' meeting in Davao, Phicommunications goods, is lippines. "A lot of countries intended to push the WTO's felt they were at an embry-S businesses. new trade agenda forward omic stage of IT development at the December meeting in and it might be premature also been submitted to mem- Singapore. But US plans to to cut tariffs to zero."

also be discussed at the timetable for tariff cuts and "IT is a potentially very broad area," said one southeast Asian delegate. "It the December meeting. could cover almost anything Apec, which has pledged out the nomenclature."

The US plan, which will hoped to persuade Apec to and 2020 for developing take a common stance on IT Apec heads of state meeting liberalisation as a method of mon line to push for early in Manila in November, was raising pressure on the EUalso short on detail, officials also thought to be sceptical the Urnguay Round's said. It did not specify a - to embrace the plan. Apec "unfinished husiness", notamembers, however, reafit did not spell out exactly firmed yesterday a pledge to which product categories push for full implementawould fall under the plan. tion of commitments under the 1994 Uruguay Round world trade accord before

high-tech, so we need to sort to eliminate harriers to trade and investment by Delegates said the US 2010 for developed members

members, also agreed s comresolution in Singapore of bly on liberalising trade in

financial services. Apec comprises the US. Chine, Caneda, Chile, Taiwan, Australia, New Zealand, Mexico, Thailand, Malaysis, Singapore, Phllippines, indonesis. Hong Kong, Japan, South Korea, Papua New Guinea and Bru-

S Korea foreign investment move

WORLD TRADE NEWS DIGEST

South Korea yesterday said it would offer foreign companies the free lease of state-owned land for a period up to 20 years as a part of a programme to encourage foreign investment. South Korea has one of the lowest rates of foreign

investments in East Asia due to bureaucratic controls and the high cost of land. As part of its application to join the Organisation for Economic Co-operation and Development (OECD) this year. Seoul has promised to reform its foreign direct investment policy.

The government reiterated earlier promises that foreign

companies will no longer need state approval to make investments in the country from next year. Friendly mergers and acquisitions will be permitted, although the government reserves the right to approve agreed takeovers of companies with assets of \$2.5bn or more. Hostile takeovers remained banned, however. Foreign-owned enterprises will be able to borrow long-term loans of five years or more from their parent

Siemens in \$2bn China deal

Siemens, the German electrical and electronics group. said yesterday it was heading a consortlum to equip one of China's biggest coal-fired power plants costing nearly \$2hn. With Foster Wheeler Energy of the US. Slemens power generation group KWU will provide more than \$700m worth of equipment and services.

Siemens said its share of the consortium's contract would be at least 50 per cent. The cootract for the plant, ordered by the Yangcheng International Power Generating Company (Yipco), was signed yesterday in Beijing. The plant will be one of China's largest at 2,100 MW. Stemens is involved in five coal-fired power plant projects in China totalling 5,100 MW. The plant will be built on a coal mine site 800 km soutb-west of Beiling in Shanxi province. Andrew Fisher, Frankfurt

Chip market 'worth \$24.6bn'

Dataquest, the technology research firm, says the worldwide market for semiconductors was worth \$24.6bn in 1995. The figure is the firm's first estimate of the global consumer electronics semiconductor market.

Toshiba led the market, with nearly \$3.3bn in sales, and a 13.4 per cent market share, followed by NEC with \$2.7bn in sales and an t1 per cent market stake and Matsushita Electric with \$1.9bn in sales and a 7.7 per cent market Reuter, San Jose, California

Australia water deal for UK

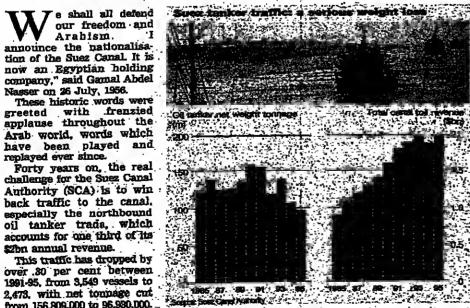
A British-led consortium, headed by North West Water's Australian arm, has won a A\$110m (US\$82m) contract for 10 new water treatment plants to service rural areas of South Australio. The consortium, known as Riverland Water, will

finance, build and operate the plants. Water will be supplied to households and businesses, with the first of the fscilities due to come on stream by late next year. A second plant is due to be completed shortly afterwards and the rest will be brought into operation in 1996 and 1999. About half of Riverland Water's equity will be owned by North West Water Australia, with minority stakes by AMP Investments, the investment arm of the

country's largest life office, and Bechtel Enterprises, part

of the US-based engineering group. Nikki Tait, Sydney

Suez Canal fights to win back trade Sean Evers examines the challenges facing the Egyptian waterway 40 years after nationalisation



2,473, with net tonnage cut from 156,809,000 to 96,930,000. The total number of vessels using the canal, the could cut tariffs by up to 90 of the yearly tonnage. Now per cent if necessary." main conduit of maritime trade between east and west. . This year the SCA has frozen all tolls at 1994 levels, has fallen from 19,791 in 1985. and introduced special dis-

to 16,051 last year. counts for long-haul oil tank-The trend towards larger vessels for cargo and crude cent cut for all oil tankers has worked against tha using the canal and a system canel, being unable to make the 195km run between the of incentives based on the (Sumed) pipeline, which Red Sea and Mediterranean shipped by each customer.' A when fully loaded. discount of 20% for each Mediterranean. Mr Ahmed Fadel, new chairman of the Suez Canal

Authority (SCA), said he was "confident the canal could Before the canal was see off challenges from the expanding oil pipelines closed for eight years followthreatening its share of the vital oil tanker traffic. Wa ers made up over 65 per cent

they account for only 30 per

Much of the off from the gulf states to the US and Europe is now either being ers. These include a 10 per carried by large ahipa around the Cape, or through the Suez-Maditerranean total volume of crude runs diagonally across Egypt from the Gulf of Suez to the

round trip made by tankers ... The Sumed is half owned carrying over 4m tons was by Egypt, and half owned by also introduced. five of the gulf's main oil producing countries, who have more incentive to use ing the 1967 war, crude carri- the pipeline than the canal.

PANAMA CANAL TOLLS TO RISE The Panama Canal's tolls will increase in 1997 and 1998 to help pay for a 10-year, \$3bn expansion and maintenance programme, Reider reports from Panama City. Panama Canal Commission officials proposed the general

toll rate be raised 8.2 per cent on January 1, 1997, and 7.5 per cent on January 1, 1998, chairman Joe Reeder said. The rises were made necessary by acceleration of maintenance and capital improvements projects. "That acceleration brings forward some costs to the canal, which is very much related to the plan to raise tolls," he said.

by the year 2000. This will accommodate the new generation of double hulled tankmodate super oil tankers ers ranging up to 250,000 dead weight tonnes fully laden. It is still a long way off the

depth required for very large crude carriers (VLCCs). which draw between 68 and 70 feet when fully laden. The canal's main weapon

will be 'Mashour', the big-gest dredger ever huilt, now being prepared for launch at the Kinderdijk shipyard of IHC Holland of the Netherlands. The new cotter dredger has an installed capacity of 30,080 hp and costs about \$100m. It is expected to join the SCA's existing 12 dredger fleet by mid-September.

In March, the SCA com-In March, the SCA com-pleted the first round of at the Am Sukhna terminal dredging. The canal was deepened from 56 feet, to allow ships with a 58 fcot canal, and reload st the draught to pass through. To help fend off these chal- These steps have increased

lenges, the SCA is working the canal's capacity from on an amhltious plan to 150,000 dwt to 180,000 dwt deepen the Canal to 82 feet fully laden, and 580,000 dwt fully laden, and 560,000 dwt in ballast. The canal can now eccom

> with lighter loads, and the world's largest bulk carriers. Sumed has stepped up the pressure on the canal by increasing the pipeline's pumping capacity from \$4m to 117m tonnes of oil a year, equivalent to 2.5m barrels e day. It has also greatly expanded its storage capacity at both termini.

or its part, the canal euthority is attempt-ing to secure an agreement from Sumed to bar any tanker small enough to use the canal from transporting its oil through the pipeline. The SCA has introduced incentives for superof the Sumed pipeline, allowing them to pass through the

other end.

oil cargo rather than on the net tonnage of the tanker. The maximum tolls for the round trip of such tankers, loaded and ballast, will be \$500,000. Even though the London daily Lloyd's list cal-culated that a large tanker

few have been tempted. The Israeli Tipline is another competitor for north bound oil traffic, with a present pumping capacity of 0.7m b/d from Eilat.

could save up to \$200,000.

With the current stagnation of the middle east peace process, it is unlikely that Israel will attract, for the time being, any significant volumes of Gulf Arab and Iranian Oil, However, over the oext five years, the larael Port and Railways Authority will invest \$920m to develop facilities at Haifa and Ashdod ports.

Despite the SCA's new initiatives, the seven months to July this year has seen 122 fewer oil tankers pass through the canal, with a 16% fail in net tonnage, compared with the same period last year. This is combined with a 2.4 per cent drop in total canal revenue, one of Egypt's main sources of foreign currency. In the background is whether the SCA should continue as e stateowned entity. It is a question that will have to wait until well after the 40th anniversary celebrations of nationalisation have ended for an

across the Taiwan Strait after the sound and fury of the pre-election period, when China lobbed missiles into waters off Taiwan and lambasted its president as someone destined for the "dustbin of history".

But now Beijing has resumed its call for "political talks" in what is being interpreted as an attempt to exert renewed pressure on the Taipei leadership at a time when it has begun to show signs, once again, of wanting to enlarge Taiwan's international living space.

China may also be reacting to a statement earlier this month by Talwan's President Lee Teng-hui in which he expressed concern about the size of Taiwanese investment flows to the mainland. This cast a shadow over plans by For-mosa Plastics to build a \$3bn power plant in Fujian province. The Zhangzhou piant would be easily Taiwan's

Beijing views continuing high levels of Taiwanese investment as critical to its modernisation. Taiwan businessmen, who have pumped more than \$20bn into China, rank second behind counterparts in Hong Kong as top investors in the mainland.

Since Taiwan's March presidential elections a Frustration is behind Beijing's silence had settled demand writes Tony Wellson demand, writes Tony Walker

increasing involvement of has amounted to very little Taiwan business in its econ- so far. China, on the other omy as a potent catalyst for hand, has been showing reunification.

Western officials believe Taiwan also reflects frustration with a lack of progress since the Taiwanese presidential elections in March. China had expected gestures from Taiwan, but thesa have not been forthcoming.

Taiwan would make some move after the election to change of heart.
please China," said an offiOfficials say China wants

quite a lot of patience."

Chinese officials, including Beijing's decision to break Mr Tang Shubei. China's its silence over the failure to chief negotiator with resume negotiations with Taiwan, had been saying until last week they saw little point in political discussions, but circumstances such as vice president Lien Chan's overseas tour - he went to New York en route from the Dominican Repub-Everybody was expecting lic before going to Ukraine appear to have prompted a

cial in Beijing. "But if we to pin Taiwan down on a



Carrying a big stick: The Chinese navy fires missiles in exercises off the Fujian coast

still espouse the reunification of "one China", Beijing suspects president Lee Tenghui favours a "splittist" policy of "one China, one Taiwan" or "two Chinas".

Beijing may also have been influenced to increase pressure on Taiwan at this time by its recent diplomatic success in persuading the African state of Niger to switch its recognition from look at concrete gestures it clear definition of what is Taiwan aftar four years,

meant by "one China". thus weakaning Taipei's on Taiwan Beijing has been While Taiwanese leaders efforts to extend its diplopushing for agreement on matic backing.

China recently condemned moves at the UN led by Nicaragua at the head of a group of Central American, African and Caribbean countries to secure Taiwan's re-admission to the world body 25 years after its expulsion.

China's publication earlier this week of regulations governing cross-strait shipping was clearly part of attempts to exert diplomatic pressure

what its describes as tha "three directs" - direct shipping, air and postal links. Taiwan is reluctant, fearing tha mainland's "suffocating" Beijing would clearly like

to bring about a resumption of cross-strait talks broken off in June 1995 in protest at Prasident Lee Teng-hui's visit to the US, but officials are insisting they want renewed negotiations to deal with substantial issues, both political and commercial. Previous discussions had been desultory and making progress on only minor issues such as fisheries disputes, immigration and repatriation of criminals.

Chinese officials say they don't wish to be engaged in further rounds of aimless discussions with a Taiwan that is simply "buying time" while its leaders continue to pursue their "pragmatic diplomacy". A game of cat and mousa across tha Taiwan Strait is set to conASIA-PACIFIC NEWS DIGEST

Vietnam jails dissidents

Two prominent critics of the Vietnamese government were jailed yesterday and another received a suspended sentence for allegedly revealing state secrets after a trial condemned by human rights organisations. Le Hong Ha, a 70-year-old former security official, was jailed for two years while Ha Si Phu, a scientist and writer aged 55. received a one-year term, an official of the Hanoi People's Court said. Former editor Nguyan Klen Giang received a suspended sentence of 15 months.

All three were outspoken critics of the government or Communist party. They had been campaigning for more democracy and for the rehabilitation of victims of past political purges. During the trial, they maintained their innocence of charges of revealing state secrets under a Criminal Code, which allows for seven years in jail, the official said. The three are believed to have been caught with copies of a top-secret letter sent last August by Prime Minister Vo Van Kiet to other members of the Politburo in which he called for deeper political and AFP, Hanoi economic reforms.

Philippine market turmoil

The Philippine foreign exchange market was plunged into chaos yesterday by false rumours that the national defence chief had been killed in an ambush. "Relax, I'm alive," Mr Renato da Villa later told a news agency. The rumour sent the peso plummeting to 26.235 to the US dollar from 26.197. Mr de Villa said he had ordered military intelligence units to investigate the rumours. which traders said swept the normally placid market late

Pro-Indian militants killed

Fourteen members of a pro-India militant group were found dead in south Kashmir yesterday, police said. The victims, all members of the Moslem Mujahideen, were found in Anantnag district, about 50km south-east of Srinagar, the state's summer capital, they said. Moslem Mujahideen is one of several groups that back Indian rule in the troubled province and which clash regularly with separatist militants.

S Asian child labour pledge

Ministers representing the seven members of the South Asian Association for Regional Co-operation yesterday ended a three-day ministerial meeting with an agreement to end child labour in hazardous professions by the turn of the century. The ministers also agreed to end all forms of child labour by 2010. Mr Sher Afgan Niazi, Pakistan's health minister, speaking on behalf of the member countries said: "We have recognised this problem (of child labour), we will vigorously combat this Farhan Bokhari, Islamabad

N Korean diplomats expelled

Sweden said yesterday it had expelled three North Korean diplomats in Stockholm, accusing them of being involved in cigarette smuggling. Mr Staffan Bjorck, foreign ministry spokesman, said the three were ordered to leave the country in July after they were caught smuggling in the Estonian capital of Tallinn. Pyongyang's ambassador to Sweden had not been expelled, Mr Bjorck Reuter, Stockholm

INTEREST RATES CUT IN BID TO MAINTAIN GROWTH

China yesterday announced a substantial cut of 1.2 percentage points in its lending rate in an spparent attempt to maintain strong economic growth, Tony Walker reports from Beijing. Deposit rates came down by 1.5 percentage points.

This is the second round of interest rate cuts this year and reflects government concern about a slowing economy and a growing debt burden on hard-pressed state enterprises.

The official Xinhua news agency

Prime minister Rvutaro

Hashimoto's visit to Mexico

this week may have helped

spur the release of the kid-

napped Sanyo executive, Mr

Mamoru Konno, but the next

Japanese businessman abducted overseas may not

have the good fortune of a

The kldnapping high-

lighted the vulnerability of

Japaoese expatriates to abductors. Mr Konno, head

of a Sanyo Electric subsid-

lary, was released for a \$2m

ransom on Monday. But next

time Japanese companies

will need to be better pre-

pared, says Mr David Bong.

head of the Japanese operations of Kroll Associ-

ates, the US risk manage-

"The Sanyo incldent has

set a dangerous precedent

since it makes other crimi-

nals think they can get away

with the same thing," he

The abduction of Mr

Konno was not the first kid-

By John Burton in Secul

South

government has announced lt will crack down on dem-

onstrations following recent

violent student protest at Seoul's Yonsei University,

which claimed its first fatal-

lty yesterday with the death

of a riot policeman from

brain injuries. Officials said rules govern-

ing rallies would be tight-

ened, with organisers need-

ing to obtain the written

approval of owners of facili-

ties near assembly sites. The

cumbersome procedures

could in effect outlaw future

But opposition critics

warned that the new con-

trols could further radicalise

the student movement by

increasing the chances for

The nine-day student occu-

pation of Yonsel University

was triggered after the gov-

clashes with police.

student demonstrations.

Tbe

Korean

ment consultants.

prime ministerial presence.

working capital would be reduced to 9.18 per cent for six months and 10 per cent for a year. Loans for fixed assets would attract rates between 10.08 per cent and 12.42 per cent. Xinhua said the cuts were in

response to a further easing in inflation and were aimed at reducing the interest burden on state enterprises. Retail price inflation was down to 5.8 per cent in July compared with the same period last year.

The news agency said the interest rate cuts did not mean the government

be around 9-10 per cent. China's equities markets in Shanghai and Shenzen have been strengthening this week in anticipation of an interest cut, heralding a further easing in credit

was abandoning "appropriately tight

credit squeeze in mid-1993 to cool an overheating economy and curb

inflation. China expects inflation this year to fall below the target of 10 per

cent. Economic growth is expected to

monetary policies". Beijing imposed a

China also regards the reported that interest on loans for

Jakarta proposes deal with Megawati

An Indonesian court has postponed the hearing of a legal suit against the government filed by Ms Megawati Sukarnoputri, the ousted opposition leader, because her lawyers have agreed to study a government proposal for an out-of-court settle-

Ms Megawati, who did not attend the hearing, is suing the government for supporting a congress of the Indonesian Democratic Party (PDI) which she argues deposed her illegally as the party's leader. Her lawyers have agreed to study the proposal and return to court on Apprist 29

Her chief lawyer, Mr R.O. Tambunan said an out-ofcourt settlement would be possible only "if the defendants share our perception" that the PDI congress was illegal. Her supporters have dismissed suggestions that Ms Megawatl is retracting ber case by agreeing to negotiate on the government's proposal, arguing that this is a standard procedure in civil cases in Indonesia.
"Whether we argue in

court or out of court, the issue is the argument Itself," said Mr Kwik Gian Gie, an economist and one of Ms Megawati's advisers. Agreeing to discuss the government's proposai "doesn't mean we withdraw the suit."

Observers say the goveroment proposal, details of which were not made public. is likely to fall short of accepting the claim that the PDI congress in June was lllegal. The government is believed to have backed the move to depose Ms Megawati because it feared she could cut into President Subarto's ruling Golkar party's votes at next year's elections.

Its attempt to reach an out-of-court settlement is seen as an attempt to remove the caso from the public eye. Ms Megawati's agreement

to study the proposal is a sign she wants to abide by the law, her supporters say. Although ber removal from the PDI leadership led to some of the worst rioting for two decades. Ms Megawati says she rejects violence and has vowed to pursue her leadership battle through

At an official ceremony earlier this week, Indonesia's three government-sanctioned political parties pledged to support President Suharto and avoid criticism of each other in the run-up to next year's general elections. Leaders of all three parties were pictured shaking hands and embracing

• The government yesterday criticised a US decision to reconsider the sale to Indonesia of at least nine F-16 jet fighters, originally marked for Pakistan, because of Jakarta's human rights record.

Prosecution drops Elliott case

By Nikki Talt in Sydney

Mr John Elllott, the Melbourne-based businessman who sprang to international prominence as the head of the Elders IXL brewing and agribusiness group in the late 1980s, was yesterday formally acquitted of theft and conspiracy charges. Two business associates - Mr Peter Scanlon and Mr Ken Biggins - who had been charged with Mr Elliott were also cleared.

The dramatic end to the

Japanese worry over

security after kidnap

By Emiko Terazono in Tokyo tive. In 1982 the president of The affair has caused

tha electronics company,

was abducted and murdered

in Costa Rica, and four years

later, in Manila, a Japanese

manager at Mitsui, the trad-

ing company, was detained

Risk management consul-

tants say Sanyo's handling

of the case was questionable

on two fronts.

First, it failed to control

the flow of information, with

the Mexican police and cor-

porate officials allegedly

leaking details to the press.

the high ransom payment

could also create problems

acknowledging that Sanyo

had done lts best, have

expressed concern that the

large ransom could encour-

aged other potential kidnap-

pers. "Paying out Y200m for

one person may cause people to think, for instance, that

kidnapping three would be an easy Y600m," says a

senior official at a Japanese

Seoul vows to get tough

ernment banned a demon-

stration calling for the reuni-fication of the divided Kor-

ean peninsula based on

The protest at Yonsei

ended on Tuesday when

police stormed the univer-

sity and arrested 3,200 stu-

dents. The riot policeman

who died yesterday suffered

brain damage from a rock thrown by a student.

with several other policemen

and students listed in criti-

cal condition.

Security Law.

The death toll could climb,

The police are hunting for

leaders of Hanchongnyon,

the national student organi-

sation that sponsored the

demonstration. The govern-

ment yesterday branded it a

"leftist violent organisation"

and said its organisers

would be prosecuted under

the anti-communist National

South Korean presidant,

Mr Kim Young-sam, the

North Korean proposals.

with demonstrators

for other companies

Second, the disclosure of

Japanese companies, while

for 137 days.

a subsidiary of Matsushita, many Japanese companies to

agement.

no longer had a sustainable case to present, since most of its evidence had been deemed inadmissible.

In a ruling on Wednesday, Justice Frank Vincent had said that the National Crime Authority had acted unlawfully in its investigation of the case and that "the fruits of the NCA's unlawful activities should not be admissible in evidence". A triumphant Mr Elliott,

who had maintained his costly, three-year-old legal innocence throughout, Elliott: attacked prosecution action came after the prose-immediately lashed out at

review their security and cri-

sis management measures

for their overseas operations

Mitsubishi Electric has

asked the consultants which

provide information on local

safety in Mexico to advise

the company on risk man-

Nissan Motor has asked its

international network to

reconfirm security measures.

Some of its executives, for

instance, have changed their

this week by the Tokyo-

based Council for Public Pol-

icy, a think-tank specialising

in risk management, urges companies to set up a risk

management team within

the organisations. The council, which is affiliated to the

national police, says: "Japanese companies and expatri-

ates need to realise that they

are a symbol of a wealthy

country and stand out. They should also acknowledge

that all companies face the

described the Yonsei protest

as an "urban guerrilla opera tion" and vowed harsh pun-

The police have also

warned that its forces will be

allowed to use guns, instead

of batons, against demon-

strators armed with fire-

bombs and steel pipes. The

police crackdown has

enjoyed wide public support.

with 80 per cent saying they

they ontlawed the Yonsei

rally because it would have

been regarded by North

Korea as a sign of South

Korean weakness if it had

North Korea has scored a

propaganda triumph from

the police action by using

televised footage of the event

to convince its citizens that

South Korea is still con-

trolled by a "traitorous

clique" that oppresses the

been permitted to be held.

Government officials say

approved the action.

ishment for its leaders.

commuting schedules. A report inspired by the Sanyo affair and published

cution announced that rul- the NCA, which he had Elliott, is to appeal against ings by the judge meant it claimed from tha outset the judge's ruling, a move no longer had a sustainable overstepped its authority. which the NCA said it wel-"They did not want the

facts, they wanted to entrap. They were not seeking justice and truth, only glory by trying to knock off a tall poppy," he said, calling for a royal commission into the The NCA, however, said that while it accepted the

judge's ruling, it did not agree its actions had been unlawful. In the interests of clarity, the Director of Pub-lic Prosecutions, who under the guise of two ficti-tious foreign exchange transbrought the case against Mr actions in 1988.

"While it will not affect today's outcome, it will be important in clarifying the legal power of the author-

The charges against Mr Elliott were first laid in 1993, and he was freed on bail of A\$450.000 (US\$353,000). The prosecution had claimed the businessman conspired to disguise the theft of A\$66.5m under the guise of two ficti-

WOULD YOU RATHER DRIVE



perfected on a racetrack at the Nürburgring, on a circuit so demanding it is no longer used by Formula One racing cars.

On the other, it is a hushed environment that silently whisks you to your destination (as it cossets you with everything from a heated steering wheel to a 330W CD system offering you the acoustic profile of a cathedral or a jazz club).

In short, it is different from every luxury car you may have sat in because it regards the driver as a functioning component of the car. A level of technology unprecedenter on four wheels makes all this possible.

This technology extends from a computer that will navigate you around an unknown town, to an automatic gearbox that actually adapts to the way you drive.

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ictnam jails By Haig Simonian, Motor Industry

4

Industrial relations in the US motor industry were thrown into confusion yesterday after the United Anto Workers union, which represents most workers in car factories, decided against selecting one of the "Big Three" carmakers as the benchmark company for negotiations.

The union said it would pursue separate talks with the senior managements of all three carmakers pending e decision on whether to pick one company next week as its focus for negotiations.

president, indicated the mood in industrial relations in the industry had become less confrontational in recent years and suggested the decision not to select a "strike target" reflected that altered mood. "A strike is not what we're about; we're elected to negotiate an agree-ment," said Mr Yokich.

However, the union did not preclude reverting to its traditional wage negotiating method, whereby it targets one manufacturer for intense talks prior to the expiry of the industry's three-year pay and conditions agreement on Septem-ber 14. The agreement reached

Mr Stephen Yokich, the UAW with the selected car company then and the carmakers move to a more sets the framework for arrangements with the other two.

The UAW's move caused considerable surprise in the industry, which had been expecting it to announce it had chosen Chrysler, the smallest but currently the most profitable of the "Big Three", as target for the next three-year deal. The union traditionally chooses the manufacturer it believes will be most inclined to agree to its

Some observers suggested the move represented a potential sea change in industrial relations in the motor fodustry as the UAW

consensual style of negotietion. "It's difficult to interpret at this point," said Mr Tony Cervone, a Chrysler official.

But Mr Yokich said: "It's good common, honest sense if yon've got three companies that are moving along in their negotiations and these three companies want to reach agreement, you don't stop them, you go with them."
He said the decision to put off

selecting a target was taken so as not to obstruct progress being made in the talks. He said negotiations had been advancing at their

Low-level bargaining has been under way between union repre sentatives and the negotiators from the "Big Three" since early June.

UAW officials declined to say what their main objectives would be in the next pay round. However, It is widely believed the union will stress job and income security. One of the focal points is expected to be the issue of "outsourcing", wbereby carmakers are increasingly contracting ont to cheaper suppliers. This year, the UAW launched a 17 day strike at a Gen eral Motors brakes plant in Ohio over plans to buy braking units from an outside supplier. AMERICAN NEWS DIGEST

US incinerates cold war arms

The US army has begun hurning a stash of chemical bombs, rockets and land mines in the first chemical weapons incinerator in America, built to destroy a 14,000-ton stockpile of cold war weapons over the next

"Everything ran smoothly. No problems," said Mr Craig Campbell, community outreach co-ordinator of the Toocle Army Depot, which holds 44 per cent of America's chemical weapons stockpile. Mr Campbell said all that remained of the first munition, an M-55 rocket containing the nerve agent GB, was molten aluminum and ash. Both were to be sampled and analysed before the second rocket

The army fired up the \$400m incinerator before a state environmental panel was scheduled to consider a last-minute appeal from opponents who fear the plant is unsafe and will emit toxic gases. A federal judge last week rejected a request to built the incineration. About t3 protesters were on hand outside the depot when the first rocket was destroyed.

The US and the former Soviet Union pledged to destroy their chemical arsenals in the late 1980s, deciding incineration, in which furnaces burn off chemical and nerve gases, was the safest and most efficient method of AP, Tooele Army Depet, Utoh

Zapatista rebels sentenced

Seven Zanatista rebels in Mexico have been convicted on weapons charges and sentenced to occurly seven years in prison, a decision that could influence ongoing peace

talks in the south-eastern state of Chiapas, A federal district judge in Mexico City convicted the five men and two women late oo Tuesday but their lawyers have lodged an appeal. The seven were arrested in February last year for allegedly manufacturing explosives and stockpiling weapons.

The seven deny being members of the Zapatista National Liberation Army, which rose up in Chiapas on January 1, 1994, in protest against political corruption and the poverty of Indian peasants. The arrests of the seven, along with 14 other people elsewhere oo similar charges, were the catalyst that prompted President Ernesto Zedillo to send more than 25,000 federal troops into rebel territory in Chiapas state the next day. The military offensive broke a 14-month deadlock in the Indian rebellion and forced rebel leaders to the negotiating table two months later. Nine other accused Zapatista rebels still await a decision in similar cases. AP, San Cristobal de las Casas

Japanese credits for Mexico

Prime Minister Ryutaro Hashimoto has granted Mexico credits worth \$960m for environmental and trade projects during his 10-day tour of Latin America to improve opportunities for Japanese industry.

Among the countries in the Group of Seven, Japan is the one that exports more capital than it takes in," said Mexican President Ernesto Zedillo. "Proof of that is the credit supports that Mexico has received." Mr Zedillo said during a banquet for Mr Hashimoto oo Wednesday

The accords, which were signed at a ceremony at the Los Pinos presidential residence, include an environmental credit agreement for \$460m aimed at helping to clean up pollution in Mexico City; an accord between Mexico's foreign trade bank Bancomext and Jepan's Eximbank for \$250m; and an accord between Japan's Eximbank, also for \$250m.

The Mexican government is keen to court Asian business, and Japan is currently Mexico's third largest trade partner, with trade flows this year expected to top \$6bn. Japan has long seen Mexico as a launching pad for increased exports to the US and Canada under the North American Free Trade Agreement (Nafta).

Some 300 Japanese husinesses are currently located in Mexico, many set up along its bustling border with the Reuter, Mexico Citt

Surinam rebel in custody

Mr Ronny Brunswijk, the flamboyant Surinamese former rebel leader, has been taken into police custody on a charge of attempted murder. Mr Brunswijk – who led an uprising in 1986 against Surinam's then military regime which paved the way for democratic elections in 1991 yesterday turned himself in to the police following accusations that he had tried to kill a man during a braw

Midwest gleams with prosperity as Democrats prepare for their convention

Chicago polishes its image hen Democratic ing a sustained economic longer, the Midwest has

party delegates roll into Chicago this weekend, they will see poppies growing on the verges of the freeways from the airport and potted trees and buckets of flowers lining the streets around the convention centre, while fake gas streetlights will illuminate streets which only two months ago were skid row stretches of the city's west

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By some estimates Chicago has spent \$180m in local, state and federal funds smartening np the area around the convention cen-

The inner city facelift is long overdue, as Chicago's downtown business centre, the Loop, and more distant neighbourhoods are blossoming with rehabilitation projects. The city and its surrounding suburbs are expected to add more than 200,000 jobs by the end of the decade, including 80,000 this year. That job growth, and the region's economic diversity, pushed Chicago past Atlanta in August for the first-place ranking in the Regional Economic Growth Index calculated quarterly hy LaSalle Partners Investment Research

boom. The Midwest threw off its rustbelt image a showcase. decade ago and now leads Toyota, once the scourge both coasts in terms of of Detroit's automakers and growth. Its strengths - a central location, a diversified economic base and efficiently restructured mannfacturing - are expected to keep tha heartland pulse

throbbing through the end of

the century. This general sense of economic well-being is certain to be a factor in November's presidential contest; where Midwestern states are expected to be a key battleground. Prior to last week's Republican party convention, Mr Clinton held substantial leads in opinion polls across the Midwestern states, but Mr Bob Dole, the president's Republican chal-

lenger, has targeted several

efforts. Corporate restructuring, combined with low interest. rates, a weak dollar, and low oil prices, have led to an export-led expansion.
According to the Federal Reserve Bank of Chicago, construction and steel were the only sectors of the Midwest economy that lagged the nation last year in terms

of growth:

one of the world's most effichosen Indiana as the new production centre for Its T-100 pick-np truck. Soon, 100,000 trucks a year will rolling off a state-of-the-art assembly line in rural Evansville, several hundred miles south of Chicago.

t the southern edge of the city, another Lasualty of foreign compatition has been revived. US Steel, once a symbol of American inefficiency, has reformed itself. Its lakeside mills now produce more steel than they did 20 years ago using half the number of workers,

of them for major campaign In Chicago's northern suburhs, US Robotics, which barely existed a decade ago. finds demand for its computer modems so strong that it outgrows its facilities almost as fast as they are built. Its biggest competitor Motorola, another high-tech giant, is headquartered in a neighbouring suburb. Agriculture, which forms

the economic backbone of many Midwestern communi-As Democrats gather to Perhaps because massive ties, is also thriving. US net per year, while fectory renominate President Bill corporate restructurings farm income is expected to employment nationwide has Clinton, Chicago and the started earlier here, and the reach a record \$49bn this remained flat. In fact, econo-

become something of a farm legislation. Agricultural exports, primarily Midwestern grain, will top \$60bn this year.

Last spring, when conserve vative Republican Pat Buchanan was building his presidential campaign on the angst of American workers, his rhetoric rang bollow in the heartland. Similarly, President Clinton's campaign to raise the US minimum wage stirred little interest here. For nearly a decade, job growth in the Midwest has outpaced the national average. In 1995 employment grew 2.6 per cent, compared with only 2.3 per cent nationally.

With competition for skilled workers intense, the minimum wage has long heen largely irrelevant in the Chicago area. Employers find themselves in hidding wars for even the leastskilled workers, with cashiers and counter help at fastfood restaurants commanding et least \$7 per hour compared with a national minimum wage of \$4.25

The tight employment situation is not limited to the retail sector. Since 1988, the Midwest has increased its manufacturing employment hy an average of 1 per cent Midwest heartland is enjoy- process has been going on year, boosted by provisions mists say that while white



Awaiting a Democratic invasion: Chicago's United Center AP

region last year, hlue collar workers have better prospects for joh security and wage improvement.

"The Midwest economy is in good balance now," says

collar jobs were lost in the Mr Paul Kasriel, economist with Chicago's Northern Trust Bank. "Things look good in terms of diversification and competitiveness."

Laurie Morse

Canada cuts rates

Canadian banks will cut Bank of Canada, reflects their prime leuding rate unusually favourable trends today for the second time this month, further widening the gap between domes-tic and US interest rates Bernard Simon reports from

The prime rate will drop from 6 per cent to 5.75 per cent, compared with a peak of 9.75 per cent little more than a year ago, and the current US prime rate of 8.25 per cent. The discount against US rates, confined to short-term securities since February, extended yesterday to five-year bonds.

in the domestic economy, compared with the US. Economists expect an announcement next week of a secondquarter surplus in the current account of the balance of payments, the first in 12 years. Canada's inflation rate, at 1.2 per cent, is lower

The Canadian dollar, which has been vulnerable to interest rate cuts in the past, moved slightly higher in early trading yesterday. It was trading at about 72.70 US cents at midday. The cat The rate cut, which fol- is designed to stimulate lowed a signal from the sluggish domestic demand.

than the US's.

Mr Freddy Pinas, a Surinamese-born visitor from the Netherlands, claimed the former head of the Jungle Command tried to shoot him after he objected to Mr Brunswijk'a advances toward his wife. Mr Brunswijk, 35. Reuter, Paramaribo denied the charges.

Tobacco cases ignite fears Richard Tomkins on the beleaguered US industry

he US tobacco indus-try has been on the defensive for years. but thera have been few times when It has looked quite so beleaguered as it

Today, President Clinton is expected to announce his deciston to bring cigarette manufacturers under the purview of the Food and Drug Administration as part of a crackdown on teenage smoking. The move will give the government sweeping new powers to regulate the tobacco industry.

The decision comes just

two weeks after a landmark verdict by a Florida court in which a jury awarded \$750,000 in damages to a lung cancer patient and his wife. The ruling, which is being appealed, threatens to break the industry's record of never having paid out a penny in damages as e result of a smoking-releted lawsuit. Meanwhile Kansas and Michigan this week joined

the growing list of states that are suing the tobacco industry for billions of dollars to recover the money they have paid out in treating smoking related illnesses under the Medicaid public assistance programme.

Tobacco stocks heve slumped amid the mounting pressures: sbares in Philip the husband of Rose Cipol-Morris, the largest US cigarette manufacturer, have fallen by 18 per cent over the

investors' pessimism is not turned on appeal.

the threat of FDA regula. The picture cha tlon, which has been a long-standing threat, or the state-sponsored lawsuits. which appear to stand little chance of success. Rather, it is fears over the outcome of a tobacco case playing out this week in an Indianapolis courtroom, the result of which could come as early

Six jurors in the Marion County Superior Court are considering whether the tobacco industry was responsible for the death of Richard Rogers, a former smoker who died of lung cancer in 1987 at the age of 52. The lawsuit has been brought hy his wife, Yvonne.

as today.

The case is one of dozens that have been brought against tohacco companies over the years by people claiming damages for the harmful consequences of smoking. Until recently, few would have expected it to succeed.

US juries have traditionally taken the view that, even before health warnings began to appear on cigarette packs in 1966, consumers were well aware of the risks associated with smoking.

The only exception came in 1988 when a jury awarded damages of \$400,000 to lone, a New Jersey woman who died of cancer after smoking about 30 cigarettes a day since the ege of 16. But the main reason for That award was over-

The picture changed drastically two weeks ago wheo a six member jury in Jacksonville. Florida, awarded \$750,000 in damages to Mr Grady Carter, a 66-year-old lung cancer patient, and his wife, Mildred. Mr Carter smoked for more than 40 years before having part of a lung removed in 1991.

The jury in the Carter case was influenced by a recent flow of whistle-blowing allegations and leaks indicating that cigarette manufacturers knew more about the addictiveness and health risks associated with smoking than they ever divulged to the public.

question left unanswered by the Carter verdict was whether it was an aberration, like the Cipollone case eight years earlier: or wbether it marked a fundamental change in juries' attitudes towards tobacco lltigation in the wake of the damaging leaks. In the Indianapolis case, Mrs Rogers is suing four manufacturers of the various brands her husband smoked: Philip Morris, R.IR. Nabisco's R.J. Reynolds Tobacco subaldlary. American Tobacco (now part of Brown & Wll-

liamson Tobacco, the US

arm of Britain's BAT Indus-

tries) and Liggett. The case

first went to trial last year,

but a retrial was ordered

when the original jury failed

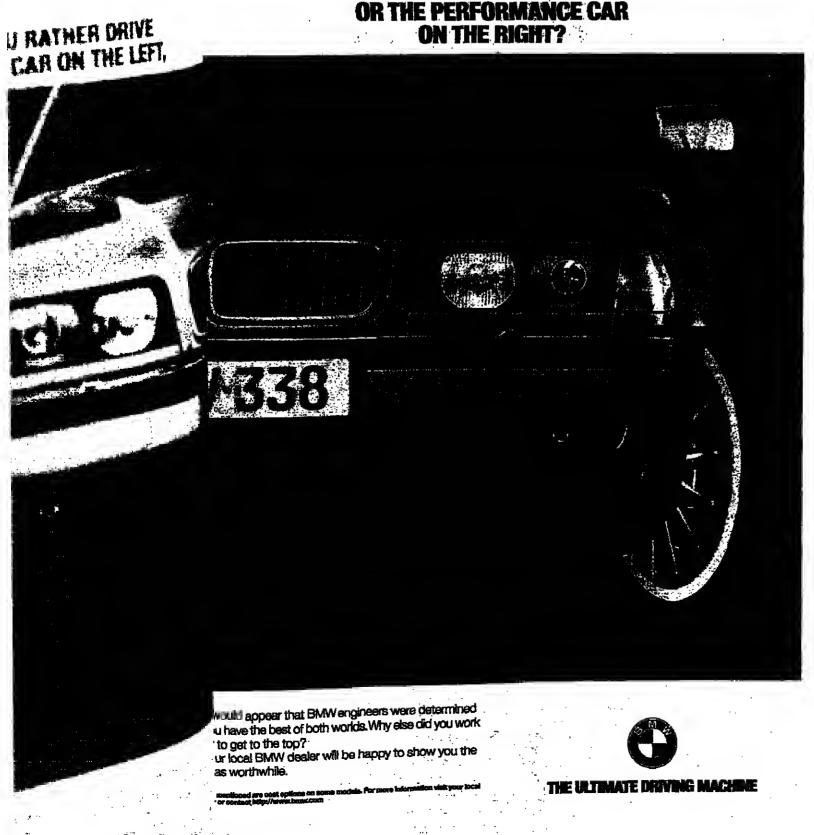
to reach a unanimous ver

At least two factors favour the industry's chances io Indianapolis. One is that the lcaked industry documents were oot presented as evi-dence in the original trial. and therefore were not allowed to be introduced as evidence in the re-trial. The other is that, under indiana state law, if plaintiffs are found to be more than 50 per cent to blame for their suffering, they cannot collect.

On the other hand, the earlier jury split 5-1 in favour of the plaintiffs, indicating that they have a convincing case. At the retrial, the new jurors will obviously have the Carter Towever, the big precedent in their minds. And five of the six jurors are women, who tend to be more sympathetic to plaintiffs

than men. Mr Gary Black, a tobacco analyst at the Wall Street firm of Sanford C. Bernstein. has described the Indianapolis trial as a "must win" for the tobacco industry - not just to restore investor confidence in tobacco stocks, but also to prevent a tidal wave of litigation

He is probably right: for if present and former smokers across the US start winning lawsuits in large numbers, the hillions of dollars in compensation will do far more damage to the tobacco industry's profits than the government'e efforts to curb under age smoking.



Germany did not intend BSE 'hysteria'

Financial Times Reporters in London, Brussels and Bonn

The German government said yesterday that it had not wanted to 'unleash a wave of hysteria" with its suggestions that sheepmeat could be infected by bovine spongiform encephalopathy. But it insisted there was still uncertainty about whether the disease could be transmitted from cows to sheep.

The row with Britain followed comments by a German agriculture ministry official that consumsrs should shun British lamb if they were worried about BSE.

BSkyB plans

Internet access

to offer fast

Britain's National Farmers' Union said it was "astonished" hy the remarks. "It is totally unjustified - an alarmist over-reaction. The current science says there is no evidence to suggest there is BSE in the British sheep flock." an offi-

The European Commission supported Britain in rejecting the German calls and pointed out that only EU-wide action could be justified to deal with any threat.

"We don't support any sucb see any grounds for it," a commis-

commission would not encourage discrimination against British

A spokesman for the agriculture ministry in Bonn said the comments had been made on television by Mr Werner Zwingmann, a middle-ranking ministry official, on Wednesday evening

"We did oot want to unleash a wave of hysteria." said Mr Dieter Schneider, a ministry official. "We could have said 'no comment' or we could have allowed somebody commendation because we don't to take a position. If we had not allowed somebody to commect, the sion official said, adding that the bysteria could bave been far EU's standing veterinary commit-

on the programme took a very critical view of the matter."

Mr Zwingmann's comments caused irritation in Brussels because Germany was the only member state to reject proposals made by Mr Franz Fischler, the EU farm commissioner, that sheep brains, spleens and spinal cords be removed from the food chain.

Mr Fischler's proposal followed reports from the UK and France that, under laboratory conditions,

sheep could contract BSE.

The idea was rejected by the

greater because another biologist tee on the grounds of insufficient evidence.

Mr Zwingmann said the German government had asked the European Commission earlier this month to check whether BSE could be spread from cows to sheep. He said there were still "gaps in our knowledge"

Germany imported 40,500 tonnes of sheepmeat last year, 4,275 tonnes from the UK. About 43 per cent of the 110,900 live sheep which Germany imported last year came from the UK but in the first three months of this year the figure dropped to 7 per cent.

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UK NEWS DIGEST

Lloyd's ruling delayed again

Lloyd's of London has been left waiting another day to hear whether a US federal court will scupper its £3.2bn (\$4.99hn) recovery plan - which Names have to accept or reject by noon on Wednesday.

Judge Robert Payne yesterday postponed his ruling until late today in a case bought by US Names, individuals whose assets have traditionally supported the recovery plan. The Names want an injunction delaying the plan until Lloyd's complies with US securities laws on the level of information that has to be disclosed.

The delay heightened tensions at Lloyd's where the recovery plan is crucial to securing the market's future.

An expectation of the proposed for Monday, however,

An appeal could still be arranged for Monday, however, and Lloyd's is refusing at this stage to contemplate extending the August 28 deadline. Ratph A

ECONOMY

Inflation set to remain low'

Interest rates will not have to rise until after the general election next year as the government's economic policies deliver strong growth but with low inflation, the Confederation of British Industry, the country's largest employers' body, says today.

The CBI's latest economic forecast supports the government's hopes of fighting the election amid a low inflation consumer-led recovery. It suggests the CBI believes Mr Kenneth Clarke, chancellor of the exchequer, will success fully fend off pressure from the Bank of England - the UK's central bank - for higher interest rates ahead of the election, which must be held by the end of May next year.

The CBI'a upbeat view comes after official figures yesterday confirmed the economy grew only sluggishly in the second quarter of the year. But the figures suggested output might rebound strongly as companies were now able to meet growing demand from new production rather than existing stocks.

MINIMUM WAGE

Institute advises £3.50 limit

A statutory minimum wage proposed by the opposition Labour party should be no more than £3 (\$4.68) to £3.50 an hour for adults, according to Mr John Philpott, head of the independent Employment Institute, in a report published today by the Institute of Personnel and Development. Mr Philpott says the rate for workers aged between 18 and 25 should be lower and that there should be a "sub-minimum" for trainees and those under 18. Robert Taylor

INDUSTRIAL ACTION

Rail and mail services hit

Disruption planned for the London Underground rail network today and on Tuesday was averted last night when a trade union representing many drivers accepted a pay offer. But many travellers on the national rail network face disruption on the two days with staff in seven publicly owned train operating companies staging stoppages

 Thousands of mail workers went on strike for a day again yesterday, and negotiations will resume today at Acas, the conciliation service, to try and resolve the dis-Robert Taylor

EU flag use riles Eurosceptics Identity cards in the European Union

By Raymond Snoddy

Britisb Sky Broadcasting, the satellite television ventnre, is planning to offer fast access to the Internet through conventional television sets when it launches its digital satellite television service before the end of next year.

The company, controlled by Mr Rupert Murdoch's News Corporation, hopes that broadcasting bngs amounts of information to the bome, as well as 200 to 300 channels of television, will belp to persuade consumers to bny the digital "hlack box" decoders needed

to receive the service. The decoders will bave the computing power of an average PC and a very fast modem," a BSkyB executive said yesterday. The aim is to deliver information services direct to the television screen rather than just to personal computers, because only 15 per cent of UK bomes have PCs and almost all have television sets.

BSkyB, which earlier this week announced pre-tax profits of £257m (\$401m), wants the decoders to be in the shops by September next year and plans to have 1m manufactured in the first

be one of the fastest-moving and

most receptive markets for the

Beyond that, the conclusions

are less confident. Since coun-

tries are emphasising different

approaches to the delivery of ser-

vices - including interactive tele-

visions and mobile telephones -

the consultants argue that it is

hard to assess the significance of

"Some paths may prove to be technological cul-de-sacs, much

as analogue high-definition tele-vision proved in the 1980s," they

say. "Others, possibly the online-

Internet path, may have genu-

inely radical and long-term

The premise on which the

study was based was that a coun-

try's economic success is par-

tially determined by its willing-

ness to embrace new information

and communications technology.

business productivity and effi-

ciency: a willing uptake of IT will

stimulate the growth of indige-

The researchers argued that

the main factors influencing

progress towards the "informa-

tion society" are people's income,

the price of services and access to

The government's role in promo-

ting, using and regulating infor-

mation technology is important.

Furthermore, much depends on

the strength of the domestic IT

and communications industry, its

ability to raise capital and the

• The dominance of the US

reflects extensive local content,

high PC penetration, competitive

pricing of high-speed networks,

and the broad base of its commu-

Japan's performance is mixed.

Japan's supply industries are

companies in the world. But on

nications and IT culture.

level of skills in the country.

The report concluded that:

appropriate content and culture.

nous industries

differing rates of progress.

information society."

smaller satellite disbes

The confidential specifications sent ont to decoder manufacturers last montb included the requirement for what is believed would be the world's most advanced digital satellite

BSkyB is planning to offer two separate Internet services to viewers, as well as bome banking, home shopplng and other interactive

It will broadcast the most popular Internet sites regularly to digital disb owners so that the information can then be used by viewers. It will also be possible to use the modem and telephone to access more specialist Internet sites.

The sophisticated system will also enable consumers to connect everything from andio systems, printers and PCs to the digital decoder. The group has been negotiating with a number of

possible partners such as

British Telecommunica-

tions, Barclays Bank and

Matsushita, the Japanese consumer electronics group.

than are needed with exist-ing analogue satellite televislon, will sell for about £200. This is likely to be about half the true retail cost at the outset.

John Major from the leadership of the governing Conservative party, attacked the inclusion of the EU flag on the proposed combined driving licence and ID card. He said it would be the first time the UK government had produced an official document incorporating an EU symbol.

Does the presence of the EU symbol mean we are giving up our independence on these very important justice and immigration matters?" be asked.

The British government's

long-awaited launch of its

voluntary national identity card yesterday was marred by continued controversy

over the use of European

Union and Union Jack flags.

Mr John Redwood, the for-

mer cabinet minister who failed last year to unseat Mr

But the government's plans were welcomed by the police and financial services companies which have supported the proposals as part of the fight against crime. The UK is one of the few EU countries in which personal identity documents are not issued. British citizens are required to carry passports only for travel to other coun-

Mr Michael Howard, the bome secretary, pointed out that, under the complex compromise agreed by the cabinet, the separate ID card would not carry the EU symbol. The EU flag appears on the combined card because It driving licences with photoforms part of the new Euro- graphs must be introduced it could be used as a pass-



(Left) the proposed voluntary ID card and driving licence for British citizens

pean-standard driving by 2001. Mr Howard said it licence. was "not unreasonable" The row in Britain over the use of the EU flag finds few echoes in the rest of the EU symbol. The British plans, which Europe, where documents such as driving licences are often allowed as proof of

identity. in Italy, there is no resistance to the use of the involve: EU flag for example, while in France the cardboard Idenlicence, carrying the Union tity card carries neither the Jack and EU flag, which French tricolour nor the European Union flag, but it normally carries one or more tax stamps bearing a likeness of Marianne, embodiment of the French Republic. Under an EU directive,

these should be in a European format incorporating

bave four more weeks of consultation before entering the final stage for approval, A credit card-style driving

would be phased in soon after the necessary legislation was passed. Expected to cost about £20 (\$31.20). · A separate identity card, with the Union Jack, expected to cost between £10 and £15. With no lower age limit,

other countries. A combined drlving licence and ID card, with both flags, which would cost two or three pounds more than the driving licence.

The launch of the scheme

port in the EU and some

was delayed because of concerns that an identity card with the Union Jack would inflame nationalist sentiments in Northern Ireland. The cabinet finally agreed the new cards would be available in the region but Northern Ireland driving licences incorporating photo-

graphs would be valid until

Phillip Stephens, Page 8

TECHNOLOGY

as Europe been left PC and modem penetration behind on the informatlon superbigbas a percentage of all households way? A report* published this month attempts to shed some light on countries' relative strengths and weaknesses in information and communications technologies. 3 The report, commissioned by the Department of Trade and Industry and written by Spectrum Strategy Consultants, com-20% pared nine technologically advanced countries: the UK, US. Canada, Japan, France, Ger-many, Australia, Sweden and Moden One conclusion came out strongly. "The gap between the US and the rest of the world is unlikely to diminish," it says. The US is rightly perceived to

One race, many roads

Vanessa Houlder on a study that assesses countries progress on the information superhighway

the demand side, there is low economies of comparable size. It penetration of PC, modems, cellular technology and Internet hosts. The uptake of PCs has been slowed by a lack of Japanese software.

 Germany bas "performed poorly on several benchmarks relative to other countries". For instance, it has the lowest number of faxes per employee and limited use of the internet. But it leads all the countries surveyed in terms of ISDN subscriptions and has the highest multichannel penetration in Europe.

 France has "performed poorly on many measures", notably PC density, the use of mobile communications, multichannel penetration and internet usage. The reasons include high telecommunications prices and the reliance on Minitel telephone-based information services that may bave removed the perceived need for PCs and alternative online services. Cultural factors bave resulted in restricted use of

English language content, limiting the choice for consumers. The UK's performance is cation technologies. "more or less" in line with other • Singapore has high levels of 0171 873 9090.

performs relatively well on measures such as the use of PCs and cellular technology and telephone charges.

Canada performs relatively well on the benchmarks chosen by the consultants, with the third highest PC penetration of the countries surveyed. But it has the lowest penetration of high-speed ISDN links and a low take-up of mobile services. Australia is a close follower of

the US in terms of PC and modem density and ranks third in Internet penetration. Its immense size and remoteness from Europe and the US have been the key drivers in the development of a strong communications culture.

• Sweden leads Europe in the uptake of PCs and cellular phones and has cheap international telephone charges. It has benefited from a widespread ability to use English language products and services and the remoteness of some communities which

encouraged the use of communi-

PC, modem, cellular and paging technology. It has successfully implemented electronic data cated telecommunications infra

The consultants warn that the report's comments are an attempt to summarise "a very complex and rapidly shifting picture". An early lead in a technol-ogy may not lead to a long-term advantage.

Because technology is evolving so fast, it is difficult to determine the form in which it will eventually become established, it says. "One consequence of this is that there is potential for less sophisticated users (and whole societies) to leapfrog their competi-

*Development of the Information Society: an international analysis. A free executive briefing will be published later this month on the ISI Web site: http://www.is-i.gov.uk. It is also available from the ISI Info Line: 0345 152000. The main report, costing about £20, will be published by HMSO. Tel

MANAGEMENT

Drilled in innovation

Michael Lindemann reports on how a tip-off to a German company led to radical changes

ike most Swabian entrepreneurs, Hans-Jorg Link likes to keep himself - and his husiness - to himself

There is no forecourt to show off JEL, a small family-owned ngineering company in Germany, tucked away in a non-descript building on the industrial outskirts of Stuttgart. A solitary phone links visitors to a voice inside the building and then it is straight up two flights of bare stairs and out on

to an open-plan floor where a handful of designers are bent over drawing boards. One thing, however, does set Link apart from his unassuming

Swabian counterparts. JEL, founded in 1926, last year won the annual prize for innovation handed out by the Swabian government of Baden-Württemberg, Germany's wealthy south-western state, and things have changed since

"I didn't believe prizes like that could make a difference." Link says, "but this one certainly has. There is no need to explain oneself any more – people have developed a sort of entomatic interest."
That heightened interest

ould not have come at a better time for JEL, which is trying to break into a new sector of the machine tool business where growth prospects are promising. For decades JEL – the letters stand for Joh. and Ernst Link,

the company's founders produced large quantities of taps. But, as the founder's son points out, serial production is better left to larger manufacturers. The smaller Mittelstand companies, which form the backbone of

Germany's engineering industry, need to concentrate on niche products. Seven years ago that process was set in motion when Link got a tip-off from a friend in the US that a patent for a drill

thread miller had been registered by a former engineer at General Motors in Detroit. Link was quick to recognise

the potential behind the new tool. With its triple ability to drill, chamfer and thread mill, the drill thread miller would revolutionise such simple tasks as the drilling of cylinder

"We put everything into this tool," Link says. "It was a God-given opportunity." The gamble, built on a transatlantic co-operative agreement because the GM engineer did not have the resources to develop the drill thread miller, appear to have

The company recently signed a contract with BMW whereby drill thread millers are now used at the top of BMW's range. Sales last year totalled DM14.5m (£6.8m) and are this year expected to jump almost 50

Others now come to us and ask us to solve their problems'

per cent to DM21m. The client list is impressive, including Mercedes, Ferrari, McLaren, Volkswagen and Jaguar. Crucial to the initial success and the future growth prospects

is Stuttgart University. "There were lots of theses written on my subject and the engineers there are very good at thinking three-dimensionally," Link says. "That was absolutely decisive for us."

Several Stuttgart University graduates are now employed by JEL and have developed the software needed to use the drill thread miller

The tools can now be programmed to do precisely what the clients want by means of a program called computer numeric control or CNC - a world away from the old taps,

Importantly, the flexibility of the drill thread miller matches the increasing flexibility required in manufacturing

Larger manufacturers, making perhaps 1m engines a year, can still consider using one tool to make a certain feature on thousands of engine blocks and use another tool to add another feature. Such a process is inefficient for smaller producers, which are better served by the JEL drill thread

to add several features at once. As if the design and manufacturing were not challenging enough, JRL also had to devise a completely new strategy to sell the more sophisticated tool.

miller as it enables one worker

Selling at anything from DM400 to DM2,000, they are considerably more expensive than their predecessors. JEL must now spend much more time explaining the attractions of the drill thread miller. The company has tried to help by giving its tools names such as Thriller, but the selling still mains a challenge.

"Above all," says Link, "you suddenly have to explain to the client how much is going to be saved by buying it. There is an additional problem when it comes to sales

Taps could not be regarded as intelligent machines and selling them was relatively easy. The same applied to the medical implants that JEL also used to make and sell to a single customer - Pfizer, the US pharmaceuticals group.

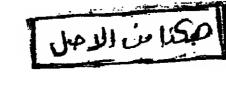
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WEST.

A CANADA

Now, however, JEL finds itself approaching many different kinds of new clients, and not all, by any means, are German. "I have to learn Czech, English I suddenly have to learn how to sell tools in China."

The new skills needed to develop and sell the drill thread miller have also opened up more than just sales prospects. Bigger producers have had to trim down and out-source services and that means that others now come to us and ask us to solve their problems", Link says. "We have become a sophisticated provider of Services."



Restora

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MATERIAL SECTION AND ADDRESS OF THE PARTY AND 4. i pugit A SET SEE SHOW 14 (M) 11. 300 Men.T I See E Minerallo

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I once, in the sort of idle game that devotees occasionally play, compiled a list of "the greatest mala dancers I've seen" with two American colleagues. My candidates included such glorious and obvious names as Babiiee, Bruhn, Solovyov, hut the ultimate and crowning laurels had to go to Baryshnikov. The exercise might seem a mere and pointless laundry-list, but it identified what Baryshnikov was in his classical days - a sublime virtnoso of nohlest style; a dance actor of rare perceptions; an almost flawless artist. (The "almost" a sop to the idea of artistic

pieces - and though we wel-come the chance to see his

colleagues and the works

they bring, the point of the show is inevitably Baryshni-

The astonishing fact now is that, in his post-classical period, when time and kneeinjury have precluded the grand challenges of the academic style, Baryshnikov mest gifts, sublime integrity. He is what he ever was: a genius of the dance,

He is 48 years old - was it really 26 years ago when he soared and hung glorious over the stage of the Festival Hall? – and his art and his physical command of movement are still uniquely great. For this week at the Coliseum he offers two solos. Mark Morris's Three Russian Preludes is set to Shostakovich piano preludes music both allusive and dense. Baryshnikov, dressed for the office in shirt and tie, trousers and waistcoat, is a man living out fantasies, puppet games, sudden jokey ldess and small tragedies.

Restoration comedy which

a most pernicious age. This

year, Love in a Wood, or St.

Wycherley's first play, announces the indecent

interplay between marriage,

money and morals which he

later developed in The Coun-

try Wife and The Plain

Wycherley enjoys thread-

ing, tangling and knotting

up multipla plots of jealousy

and double-crossing. There is even a hapless knight

called Sir Simon Addleplot.

Garaidine Bunzl haa

fold-away doors, each ane

farcically revealing a new

character, another clandes-

tina coupling, a new deceit

in a new plot spin.
Fops vie with rakes over
affronted mistresses along

back-alleys, down Pall Mall,

and across St James' Park -

in "rude pursuit" of love in a

wood, where no-one sees the

What makes this essential

signed a corridor of green

James' Park (1671), William

broadens our perspective an



Gifted modern dancers: Mikhail Baryshnikov (centre) with his White Oak colleagues in 'What A Beauty'

True Lord of the Dance

Clement Crisp salutes Mikhail Baryshnikov and his White Oak collective

long spans of dynamics. It is

The piece is very Russian - Chaconne from Bach's sec-glimpses of Chekhov or ond partits (in the Busoni Gogol are there - and the transcription) was an explodance sets him moving through micro-second incidants, tiny moods. Concentrated, dancing with the most wonderful control and ease, Baryshnikov is the

Restoration wit

hypocrite who forbids his

ners, is a man whose own

dehanch a "honeysuckle"

Suave Mr Ranger, "to see if you shall squeak", attacks

the woman he believes has

spurned him - she is, in fact,

his own jilted mistrese in

disguise. Rumping han-

ky-panky is in fact an invidi-

ous vizard concealing pimp-

"Though art as envious as

ding". It is naughty: "i

tamely as Mrs Ticklish - and

with her mouth open too". It

is even of historical-culmary

interest: "A complexion like

a Holland cheese": "Can you

have a heart to say you will

never more break a cheese-

an impotent lecher at a wed-

uelling the immoral-

ity is an amoral

vitality in the lan-

guage. It is cruel:

ing and debauchery.

"filthy lust" leade him to

daughter to consort with sin-

very eummer, Restoration play starting is cake with me?" (Congreve'e Hampetead'e New its bleak view of courtship.
End Theatre mod- Michael Cabot's unsensation insult: "And [ii] she

very spirit of the music. He has also revived Jose Limon's Chaconne of 1942. Limon, Mexican born, was a. superbly commanding The music flows through dancer. His realisation of the him. Ha reveals it to us in

ration of the music's formal power, but owed something to the Mexican roots of the chaconne and to Limon's admiration of Bach. Baryshnikov brings to it exactly the majesty in phrasing, the commanding sense of architecture in dance and music. which makes it live again,

Love in o Wood also intro

duces us to Mr Dapperwit,

doven of "the coffee house

sages", played with gusto hy

Rohin Sebastian. He delivers

a brilliant monologue

describing a quintet of archetypee: tha flattering

Court Wit; the gossiping Cof

fee Wit; the hot-headed Pole

Wit, or Political Wit; the

melancholic writer Scribble

Crific, who "rails at all wit,

damms all but self".

Wit; and the Judge Wit, or

The intelligent, sober per

formances of this 15-strong

company provide a valuable

opportunity to appreciate

Wycherley: one of the most

acerbic wits of English

At the New End Theatre.

Hampstead, until Sept 8

by Mitsubishi Electric PC

(0171 794-0022). Spons

Simon Reade

prodigious dancing. The White Oak artists are seen in three pieces. Ruthlyn

Salomons has made a gentle, agreeable quartet for women using Villa-Lobos works for piano and 'cello in Quiet as it's kept, and Kraig Patterson's What o Beauty! is set to Smetana'e first etring quartet, the dance starting with the second movement. It is emotional music, rather too folksy for my taste, and

as a glorious showpiece for their students.

This summer the Gustav

Mahler Jugend Orchester

(founded by Claudio Abbado

in the mid-1980s to hring

together students from the

two halves of a divided

Europe) has made it a high-

point of hoth the Salzhurg

and Edinburgh festivals. On

Wednesday, at Edinburgh'e

Usher Hall, Ahbado and his

young players made a tre-

In a helpfully symbolic

way, Gurrelieder is itself a

divided work that straddles

the old world and the new. Schoenherg wrote the first

half in the grandest, most

decadent, post-Wagnerian

style possible, but by the

time he came to finish the

into a 12-tone future. The

orchestra excelled in both:

the burning glow of the

string tone in the romantic

first part gave the lie to the usual weakness of youth

orchestras and all the play-

ers kept up a keen ievel of

mendous impact.

there is a lot of emotional folksiness - iove iost, found, recalled, regretted - on view. The clothing is contemporary and horrid. Baryshnikov, who joins his colleagues in this, wears a suit made for someone else, and the cast are caught up in a "Who's got the ugliest shoes" contest. Merce Cunningham'e Septet - Satie and jokes - completes the bill, and is featly done.

is live and well played (the planist Nicholas Reveles admirable in the Shostakovich and Bach/Busoni). The lighting of every piece by David Finn and Michaei Chybowski - is superb. Our local princes of darkness, who make dancing here even murkier than it is, should mark and learn.

The White Oak season con-

tinnes at the Coliseum until

Youth he economics of put ting on concerts sional orchestras

and rarely bother with some of the most ambitious pieces. We get to see Schoenberg'e music massive, hugely demanding, Gurrelieder quite often these days, but only because youth

concentration in the music'e For soloists, Abbado supplied singers from his favourite circle. Jane Eaglen's soprano was splendidly



steady as Tove, though she does not use the words to colour and vary her tone: Thomas Moeer's appropriately Germanic tenor sounded short on power at work off, he was striding jana Lipovšek delivered the Wood Dove's narration with some intensity. Kurt Azesherger lacked character as Klaus-Narr the jester, hut Franz Grundheher was a Hanover Band's Havdn strong, dark-voiced Peasant. But one's attention was

focused on what was going on in the orchestra, because that was where Schoenberg's grossly over-written score was really coming alive. This was the last performance of five on the orchestra's tour and Abbado exercised complete command of his vast forces, including the berg Choir and Edinburgh Feetival Chorus. It was touching to see Hans Hotter, as the Speaker, treated with such deference – remarkable to think that he is as old as

Gurrelieder itself. There has been a latenight extra over three nights with Charies Mackerras and the Hanover Band performing Haydn's six "Paris" Symphonies. Symphonies Nos 85 and 87 an Wednesday went with an ehullience that kept the energy level high even as midnight approached. In between was added an extremely odd concert aria, Pietà di me, for three singers and two solo instruments, which included the most unplayable music for solo horn I have ever heard: horn-player Andrew Ciark deserves a festival medal for endurance.

Richard Fairman

series sponsored hy Scottish

Promenade concerts

New York extravagance

the Royai Aihert Hall this week, determined to show off its own strengths rather than those of its conductor, Kurt Masur. Tuesday brought two extrovert pleces, Till Eulen-spicgel and Tchalkovsky's Fifth Symphony, separated by a pensive concerto for cor anglais hy Ncd Rorem (b.1923); on Wedoesday Brahms's Violin Concerto was uncomfortahiy paired with a suite from Prokofiev's Romeo and Julict.

Masur's relationship with the New York Philharmonic is five years old, and like any successful marriage, the good qualities on each side have begun to rub off on the other. The orchestra sounds in better shape than it has heen for yeors. It has hecome a less abrasive instrument, without losing any of its colourful virtuostty. That much was clear from the Strauss, which ran tha gamnt from tender warmth to jozzy swogger. The Prokoflev was equally polished, with a transpareot softness in the strings and a hrass choir which was never less than perfectly tuned: a bouquet for the principal horn, Philip Myers, for hls

respiendent contributions, Masur, in turn, has lightened np. The partnership clearly works - hot it is never going to roise the roof, as his logical account of the Tcbaikovsky illustrated, in the best German Kapellmeister tradition.

merica's oldest Masur's mission is lo serve orchestra came to the music and his players the music and his players rather than dictate lo the maestro mould of a Karajan or Mull. These performances were never less than musl-ctanly, but they lacked that last ounce of personality which turns a festive occasion into a musicoi event.

Rorem composed his concerto four years ago for Thomas Stacy, the Philharmonic's cor anglols player, who captured its solltary. song-like qualities without masking the fact that this is not a notural instrument for disploy. It sounded more at ease io tts nocturnal dialogues with cello and horn thon in the faster move-ments, which found Rorem falling back on dull string lunes and Raveillan wood-wind effects.

The Brohms with Anne-Sophie Mutter as soloist, was one of the great Proms performances. Mutter's playing was rapt and intimate, with a souifulness and sense of freedum that brought out an aching. yearning quality in the mosic. It was played from the heart, and where unadorned virtuosity came into play, as In the (Irst movement cadenza, it was enttrely at the service of the music. Masur's accompaniment was equally inspired oil the greater pity that, in contrast to some other tuur venues, he chose not to foliow it with a symphony hy Beethoven or Bruckner.

Andrew Clark

Norwegian nights

he high pressnre life led by some of today's international conductors was brought home earlier this year when Mariss Jansons was struck down by a heart attack. Youthfuilooking and dynamic, Jansons is one of the most exciting conductors of his generation and his enforced period of convalescence has come as no less a body blow to the orchestras with which

He has been music director of the Oslo Philharmonic since 1979, and the orchestra has reached heights it never dreamt of, winning a record contract with RMI and undertaking regular foreign tours. This week it was back to give a pair of concerts at the Proms. (scene of some of its most notable successes), hut for the first time without its charismatic champion.

It cannot have been easy for the young Austrian Manfred Boneck, who took over not only Jansons's piace hnt also two programmes that had heen specifically designed for him. One half expected the baton to spring to life of its own accord, sparks flying from its tip. in fact, a sizzling Overture to Rossini'e L'italiana in Algeri did start off Sunday's concert rather like that.

Honeck conducted perfornancee with plenty of youthful energy. in Mahler's Fifth Symphony, the main work on Snnday's programme, there was not Jansons's phenomenal inner clarity of sound, hut the of execution held up well. Naturally enough, Honeck sees the symphony within the Austrian tradilion, so the scherzo went with a waltz-like lilt and the finale's part-writing was classi-cally neat, but Mahlerian passion never feit shortchanged.

The Monday concert playing in Bartok's Music for strings, percussion and celesta, which took the edge off an otherwise atmospheric performance. There were untidinesses, loo, in Dvořák's "New World" Symphony hnt Honeck again found most enjoyable freshness of spirit to carry it through to a high-energy finale.

Each programme had a Norwegian centrepiece. On Sunday, Barhara Bonney sang a group of Grieg songs. including two Peer Gynt solos, with glinting clarity of tone like a ray of Northern sunshine. On Monday. aoy iingeriog trolls were sent packing by the first UK performance of Alfred Janson's loteriude (1984-5). which explodes with the very un-Norwegian emotions of anger and polltical rebelliousness. There is not a lot of music io it, but the Prom audlence enjoyed lts noisy orchestral gestures.

R.F.



AMSTERDAM

CONCERT Concertgebouw Tel: 31-20-5730573 I Flamminghi: with conductor Rudotf Werthen and violinist Jaap van Zweden perform works by Gorecki, Tchaikovksy and Shostakovich; 6.15pm; Aug 27

■ ANTWERP

THEATRE Museum Rubenshuis Tel: 32-3-2324751 Medea: by Marc Steemans. Directed by Martine Boni. The cast includes Anke Helsen, Marijka Plnoy, Peggy Schepens and Marc Steemans; Tue Sat 9.15pm; to Aug 31 (Not Sun or

ATLANTA EXHIBITION High Museum of Art Tel: 1-404-733-4400 Rings: Five Passions in World Art: this exhibition, organised in

conjunction with the Olympic Games, explores the power of art to evoke five universal emotions: love, anguish, awe, triumph and joy. More than 125 objects from ternational public and private collections are grouped into five major sections, each devoted to one of the five passions. The exhibits include El Greco's The Resumection", Auguste Rodin's "The Kiss" and Henri Matisse'e "Dance(II)"; to Sep 29

BERLIN CONCERT

Konzerthaus Tel: 49-30-203090 Hans Peter Blochwitz:
 accompanied by pianist Rudolf Jansen. The tenor performs songs by Beethoven, Zemlinsky and R. Schumann; 7.30pm; Aug 25

EXHIBITION Alte Nationalgalerie Tel: 49-30-2035550

 Lovis Corinth – Retrospektive: retrospective exhibition devoted to Lovis Corinth, one of the leaders of German Impressionism The display includes nearly 150 paintings, approximately 80 drawings and watercolours, as well as a selection of prints; to Oct 20

■ CAPE TOWN

EXHIBITION Michaelis Collection - Old Town House Tel: 27-21-246367

Masterpleces on Paper Prints and Drawings from the Permanent Collection: exhibition featuring works by 16th century artists such as Van Leyden, De

Momper and Goltzius, 17th century work by Van Dyck. Rembrandt and Van Ostade, but also later work by Jongkind, Maris and Bauer, to Aug 31

■ EDINBURGH EXHIBITION Royal Scottish Academy Tel:

44-131-2256671 David Livingstone and the Victorian Encounter with Africa: this exhibition offers an account of the life and times of David Livingstone, from his birth and childhood in the cotton mills of Lanarkshire to his journeys as missionary and explorer across the continent of Africa. The exhibition presents a diverse

range of material from ethnographic items and natural history specimens collected by Livingstone and his parties, to portraits, original photographs manuscript maps, journals and letters, as well as his travelling equipment; to Oct 6

■ HAMBURG

OPERA Musikhalle Hamburg Tel: 49-40-346920 Don Carlos: by Verdi. Performed by the Hamburger Symphoniker with conductor Ralf Welkert Soloists include Leo Nucci and Ruggero Raimondi. Part of the Hamburger Opernwoche; 8pm; Aug 24

■ HELSINKI

EXHIBITION Amos Anderson Art Museum

Tel: 358-0-640221 Juhani Harri: retrospective exhibition featuring approximately 100 artworks, assemblages and installations by Juhani Hami dating from the years 1963-1996. **OPERA** Major influences on tha work of this artist, who makes his works

■ INNSBRUCK CONCERT Festwochen der Alten Musik

out of old objects which carry time and memory with them, are early 1960s object art and pop

art; from Aug 23 to Oct 6

Tel: 43-512-517032 Ensemble London Baroque: perform music by Bertali and Bononcini. Part of the Festwochen der Alten Musik; 8pm; Aug 25

LONDON CONCERT

Royal Albert Hall Tel: BBC Scottish Symphony Orchestra: with conductor Osmo Vänskä and cellist Truis Mork perform works by Beethoven. Elgar and Glanert, Part of the **BBC Promenade Concerts** (Proms); 7.30pm; Aug 25

EXHIBITION Victoria & Albert Museum Tel: 44-171-9388500

 Arts and Crafts Architecture: coinciding with the V&A's major William Moms exhibition, this display tells the story of the development from the 1850s of an approach to domestic architecture which matched the

arts and crafts ideals of William Morris. The display includes work by Philip Webb, Norman Shaw, W.E. Nesfield, C.R. Ashbee and C.F.A. Voysey; to Sep 29

Royal Albert Hall Tel: 44-171-5898212 ● Elijah: by Mende Conducted by Richard Hickox and performed by the London Symphony Chorus, the BBC National Chorus of Wales and the **BBC National Orchestra of Weles.** Soloists include Bryn Terfel, Janice Watson, Susan Gritton, Pameia Helen Stephen and Mark Tucker, Part of the BBC Henry Wood Promenade Concerts (Proms); 7pm; Aug 26

■ LOS ANGELES CONCERT

John Anson Ford Theatre Tal: 1-213-4661767 LA Philharmonic Chamber

Music under The Stars: mambers of the Los Angeles Philharmonic perform Martinu'a La Revue de Cuisine and Quartet for Clarinet, Hom, Cello, and Drum, Barber's Summer Music for wind quintet and Dohnánvi's Serenade for String Trio; Spm; Aug 26

EXHIBITION Los Angeles County Museum of Art Tel: 1-213-857-6000

 Larl Pittman: this mid-career survey of Southern California artist Lari Pittman highlights 35 of Pittman's works, including new paintings created specially for this presentation, Pittman's work explores issues of Individual and

social identity, often from a gay perspective; to Sep 8

■ LUCERNE CONCERT

Franziskanerkirche Tel: 41-41-2103562 Borodin String Quartet: perform works by Debussy, Wolf and Shostakovich. Part of the Internationale Musikfestwochen Luzem; 5pm; Aug 25

■ SALZBURG OPERA

Grosses Festspielhaus Tel: 43-662-80450 Elektra: by R. Strauss. Conducted by Lorin Maazel and performed by the Wlener Philharmoniker. Soloists include Hildegard Behrene, Karen Huffstodt, Leonie Rysanek, Kenneth Riegel and John Bröcheler. Part of the Satzburger Festspiele; 8.30pm; Aug 25

ZURICH CONCERT

Tonhalle Tel: 41-1-2063434 Tonhalle Orchester: with conductor Gary Bertini and violinist Frank-Peter Zimmermann perform Beethoven's Violin Concerto in D major Op.61 and Symphony No.5 In C minor Op.67; 7.30pm; Aug 26 ■ Listing compiled and supplied by ArtBase The International Arts Databas Amsterdam, The Netherlands Copyright 1996. All ights reserved. Tel: 31 20 664 6441,

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Philip Stephens

Dealt a bad hand

Agonising over which symbols should appear on ID cards obscures issues of civil liberty and national identity

government could get liself into such an absurd muddle. It wants UK citizens to carry a new plastic photocard attesting to their status as loyal subjects of the Crown. To the horror of the cabinet's Eurosceptics, it then discovers that, since price of his applause. the document will double as a driving licence, It must be emblazoned with the

star-studded flag of tbe European Union, Panic. Ministers concede that, true to the Eoglish tradition of civil liberty, an identity card must be entirely voluntary. But it cao serve its stated purpose of aiding the driven out reason. fight against crime only if Mr Howard can claim he Britain eventually follows

the European route to compulsion. Prevarication. Plus ca change. This half-baked proposal to tighten the grip of the state destined to end in farce. At every turo it has been sbot tions. Conservatives are supposed to believe in small government. Identity cards extend the power of the state at the expense of the liberties of the individual. rebuff the federalist amhi-

tions of Britain's continen-

tal partners. Yet the only

good reason for the pro-

a populist pledge at a Con-

servative party conference.

posed ID is that it will fur-

ther erode national frontiers within the European Union. Like so many bad It is a scheme without a sense of national bistory. During and after the second world war, citizens were ohliged for a time to carry a small piece of cardboard as proposal for proof of identity. But efforts to extend the practice indefinitely foundered in the identity cards was courts. In a celebrated judgment in 1952, Lord Justice Goddard declared it inimical pledge at a to the common law upon which English liberties rest, Conservative Like so many bad ideas (remember the poll tax), the

worse shape than it is now. Michael Howard, the bome secretary, promised the party faithful that a national Identity card would he a powerful weapon in the fight agaiost crime. Two years on we are paying the

Consider first the cabinet wrangling over the motif on the card. It is hard to imagine more eloquent testimony to the paranoia which now infects every Whitehall debate on issues European. As one senior minister lamented privately a few weeks back, xenophohia has

won his battle to ensure the Union flag will rest along-side that of Europe. Michael Heseltine and Kenneth Clarke, the cahinet's most prominent Europhiles, were safely out of the country. It did not take long to persuade Mr Major that he must appease his so-called supporters on the Tory

It is a bollow victory, one which mistakes the form for the substance of patriotism. In France, the flag of tering above the mairie in the emallest provincial town. No-one familiar with that country could claim the practice bas diminished a fero-

ideas (remember the poll tax), the born of a populist party conference latest proposal was born of

As Bernard Shaw once wrote, a bealthy nation is as ous of its nationality as a healthy man of his bones. Citizens do not need a plastic card emhlazoned with the Union flag to dis-

cover their identity. Their passports have never carried such a motif, perhaps because many have long preferred to think of themselves first as English, Scottish. Welsh or Irish.

There is too a perfect symmetry between the complexity and the absurdity of the plan. Mr Howard proposes no fewer than three versions of the card. A combined driving licence, iden-tity card and travel document will be adorned by the European and Union flags. For some reason, it will also carry the royal crest. A new driving licence only will also carry both flags hut no crest. A third card - a combined ID and travel document for non-drivers - will bear the Union flag and the royal crest but no European

It does not end there. In Northern Ireland, British emblems can he badges of division. So Irish nationalists in the province will be permitted to hold on to their existing driving licences. Free of all logos.

We should not though allow the idiocies of Europhohia to obscure the more fundamental objections. In one crucial respect, conveniently forgotten by all those patriotic ministers, Britain is different from its European neighbours.
Across the Channel, the

ohligation to carry proof of identify is matched by a codified framework of individual rights. Britain has no written constitution. The present government refuses to incorporate into domestic law the European Convention on Human Rights. Instead, an unwritten constitution decrees that citizens retain only those rights

the government was in even ciously Gallic grasp which have not been worse shape than it is now. of its own identity. removed by parliament Among those residual rights, the freedom to go about one's lawful busine without hindrance or interference is a pivotal element in sustaining a reasonable balance between the powers

of the state and the liberties. of the individual. To demand presentation of an ID card is to presume guilt rather than innocence. It is another step along the road to the surveillance society Citizens who observe the law have the right to be left

But wait, Mr Howard counters, the new card will be voluntary. The police will not be authorised to dsmand its presentation. For how long? The home secretary will not rule out eventual compulsion. Minis-ters are confident that the market will deliver what the electorate will not accept from the politicians. If hanks, shops and bureaucrats treat it as such, the card will soon be as good as compulsory. The poor, transient and the marginalised will be left out. But who cares? Once conditioned, the great majority will allow a switch to a

There will be s similar accretion too in the scope of the data stored on the card. Safeguards will be promised, but it will not be long before the fight against crime and fraud is is seen as sufficient cause to add every detail of the citizen's official status and record. After all, as it is already being said, the innocent will have nothing to hide and nothing to fear.

mandatory system.

New Labour will not oppose ID cards. Scrabbling for votes, it wants to appear every bit as tough on law and order. So opposition is left to the citizen. Those who prize their liberty will understand that the plan is as dangerous as it is illconsidered. If enough refuse

LETTERS FO THE EDITOR.

Principer Cine Southwark Bridge London SEL 9HL

Principer Cine Southwark Bridge London SEL 9HL

We are keen to encourage letters from readers around the world. Letters may be fasted to 44 171-878 5938 (please set fax to fine), a statistic letters with the set of t

British dairy farmers' future soured by EU

From Mr Anthony Rosen. Sir. How fromic that your report ("NZ dairy farmers enjoy 20 per cent income boost", August 21) should come at a time when British dairy farmers, second only to New Zealanders in their technical efficiency in milk production, should be having to pay an all-time record price to lease milk quota.

The New Zealanders are, quite rightly, meeting the growing world demand for dairy products with efficient production and marketing while European taxpayers are subsidising inefficient and costly milk production to the tune of more than £4bn annually.

British dairy farmers will never be able to compete in the growing world market

while they are strangled by Europe's completely unnecessary milk quota regime.

I wonder if consumers realise that en efficient British dairy farmer can produce milk for less than eight pence a pint but then has to acquire the necessary milk quota to enable them to sell the milk - this

to lease. You don't have to be mad to understand European Union agricultural policy. but it would certainly help.

Anthony Rosen. chief executive, Feenix Farming. Rosehill, Arford, Headley, Hampshire GU35 8DF, UK

Short-sighted measures in Romania

If the economy continues

earnings of hard currencles

to decline regarding

how on earth do the

government expect the

bonds to be repaid on

financiers and the

more bonds.

From Mr Brian H. Lait. Sir, Your article on the fall in valus of Romania's first hit Romania'e first eurobonds", August 16) seems to suggest this is a

sudden surprise. \
Even the most myopic financier (myopia is an increasing disability within Romanian political and financial circles – otherwise known as the "quick buck" syndrome) has been aware for many months that the Romanian economy is in dire financial straits and the issuance of bonds on the neither a short, nor medium nor long-term solution.

What is needed is the opening of the doors to foreign investors to manufacture for exporpurposes to earn the hard currencies that will get this country out of the deep hole

Issuing bonds and syndicated loans in hard currency smells of a

dug by its monolithic

desperate attempt to shore up a disastrous economic situation in the hope that a miracle will occur after the November election. Encouragement from international banks along

such a path will exacerbate maturity? I suppose their simple answer ia to issue the agony that must inevitably follow and demonstrates a remarkably irresponsible attitude to husiness by those who should know better. Brian H. Lait.

managing partner, Deloitte & Touche, Splaiul Unirii Nr 6, Etaj 5, Sector 4, 75101 Bucharest,

Too hard to put into words

From Dr Walter Grant Scott Sir, When "synergy" was the word we celebrated the marriage of two great companies - Thorn and EML Now when "focus" is the word, we are celebrating their divorce.

How much of our public and business life turns on the use of a single word.

Walter Grant Scott, Walter Scott and Partners, Milburn Tower. Gogar, EH12 9BS, UK

Strengths of the investment trust structure

From Mr Douglas McDougall.
Sir, The comments in the Lex column of August 15 on the relationship between boards and management of investment trusts fail to recognise one of the strengths of the investment trust structure. It is ironic that they should be sparked by the developments at Kleinwort European **Privatisation Investment** Trust, where the directors are exercising their

independence to protect the interests of shareholders. Lex writes of "many funds company has a controlling

stake and dominates the trust's board". There is no case where a management company has a controlling stake, indeed it is rare for the management company to have any stake at all. Furthermore, the listing requirements of the London Stock Exchange and the membership requirements of this association

(representing more than 90 per cent of the industry) state boards have to have a majority of independent directors and to be in a position to act independently. narrowing of the "sector's of the fund manager. were originally intended to

offer protection against a sudden and substantial loss of husiness which could arise without any fault on the part of the manager (successful trusts have been taken over) and threaten his operation Notice periods have been

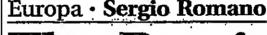
coming down and are now often around one year's fee. My impression is that they have been coming down rather more quickly than notice periods for executives.

Lex wishes to see a . notoriously big discounts to sset value". Although the average discount has

widened to about 9 per cent recently, it has narrowed from more than 20 per cent in the past decade as the merits of these companies have become better appreciated.

Furthermore, our statistics show that, notwithstanding the variations in the discount, investment trusts have performed well over a long period.

Douglas McDougall. chairman. Association of Investment Trust Companies, Durrant House, 8-13 Chiswell Street. London EC1Y 4YY, UK



The Bossi phenomenon

Italy's politics make it easy for the charismatic chief of the Northern League



Italy'e popu-League, will soon officiate of political ceremony. His believers will convene on September 15 on the banks of the Po river, hold each other by the hand and form

human chain. Mr Bossi will deliver a speech to denounce Roman olonialism and invoke upon the league the hlessings of two patron saints: Bravefight against the English; and Mahatma Gandhi, hero of India's non-violent resis-Raj. At the end of his speech he will repeat that Italy ds two states, two econo-

mies, two currencies. He will not specify where the border between the two states should he, but will probably ask his followers to proclaim, with an oath of llegiance, the birth of a new nation: Padania.

Ws do not know the prowe know that order will be assured by tha "green shirts" of the Guardia Nazionale Padania and that the eremony will take place in general staff: the members of the league's parliament in Mantua, the members of the Committee of National Liberation of Padania, the league's mayors in ths northern cities, and the ministers of the "sun cabinet" (the opposite of the shadow of Mr Renato Pagliarini, their prime minister.

There will also presumably be a group of businesspeople among those who have accepted Mr Bossi's invitation to mark their made in Padania".

The event is a good example of the political and verbal eclecticism with which the leader conquered 30 are the ingredients of his tially transfer to the regions, per cent of the northern elec-political capital?



In Mr Bossi's hands, as in those of King Midas, everything is turned to gold: Braveheart, Gandhi, the references to the Resistance, even the "green shirts" of Hun-

I would not be surprised if hundreds of thousands of all secessionists? Are they all ready to take an oath of allegiance to "Independent Padania?

According to Mr Antonio Senate, the question should be addressed to the people through a referendum. We would prohably discover that northern Italians who favour separation are. among the league's voters, a minority. The majority know that the south is an important market and business people in particular know that the inevitable devaluation of the southern lira, if Padania were to become independent, would convince many northern industrialists profit from the low salaries

of southern workers. This, however, makes the products, from now on, as Bossi phenomenon even more interesting. If only a minority want the independence of Padania, why is Mr Bossi so successful? What

the media. Mr Bossi supplies press and television with an inexhaustible sequence of incidents, anecdotes, dnels, coups de théâtre. He is not only a political leader. He is a magnificent actor who manages to create around himself a stage to which journalists, camera operators and photographers immediately direct their

The phenomenon produces paradoxical consequences. All political leaders rush to climb on the stage and share Mr Bossi's limelight. They criticise and attack him to profit from the visibility of the stage; and they inevitably contribute to the success of his media performances. The second ingredient of

Mr Bossi's political capital is represented by the dissatisfaction of northern voters with the malfunctioning of the central state. Having promised a federal reform the Prodi government has taken only some decentralis-

It is probable that nobody, under the present conditions, could do more. A government which must redress the state's finances and halve the hudgetary deficit within two years cannot parwithin the framework of a

income and expenditure. But the contrast between words and deeds creates a northern skilfully exploits. Many northern citizens support him because they think he is the hest loudspeaker for

their anger and protest. The third ingredient is the Italians' political mentality. His programme is volatile, tory. When he was a federalist he never provided a complete. rational and convincing blueprint of the

Today he exhibits the most thoughtless indifference to the eventual conseromises fiscal revolts and declarations of independence, but his promises and threats are cancelled and superseded by other promises and threats. He denounces the conspiracies does not supply evidence for

Here is a good example of Mr Boesi's technique. Recently in the course of an interview with a journalist of the Corriere della Sera, he revealed that the Italian intelligence service had decided to mount a criminal to frame the league. He hrandished a piece of paper, presumably containing the Italians learned that the idea of the conspiracy came from a piece of political fiction.

Under, different circumstances and in a different country Mr Bossi's cynicism would heve lost him much political credibility. In Italy the damage to Mr

Bossi has apparently been minimal. There are obvionsly Italians who do not require seriousness and consistency from a politician, but are content with a defiant and boastful swagger. As long as the media illu-

minates the stage, the Rome government fails to tackle reforming the state, and the followers of the league do not hold him responsible for his words, there will always be a Bossi in Italian political

The author is a historian and columnist for La Stampa, the

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Bundesbank teases again

Yesterday'a widely unexpected decision to cut the repurchase (or 'repo") rate by as much as 30 basis points - to an historic low of 3 per cent - is as characteristic as the then unexpected decision not to cut four weeks ago. But it is welcome. The question is whether it will be

Before the last meeting senior officials hinted that lower inter-est rates were on the way. Yet nothing happened. What has changed to justify a relatively large cut, the first since early February? Mr Hans Tietmeyer, the Bundesbank'e president, points to low inflation and the slowdown in monetary growth.
Is this convincing? Up to a

point, Mr Tietmeyer, Inflation is indeed low. But so it was a month ago. No new information on prices seems to justify the change in interest rates. Year-on-year rates of increase in the cost of living have been about 11/2 per cent throughout 1996. The increase in labour earnings in the year to the first quarter was already

down to 3.7 per cent. Moreover, a recovery seems to be under way. The economy probably grew strongly in the second quarter. The business climate index from the Ifo economic research institute, published on Wednesday, jumped to an eight-month high.

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The news on the money supply, cited hy Mr Tietmeyer, appears a better justification for cutting now. While still above its target range of between 4 per cent and 7 per cent, the decline in the annualised rate of growth of broad money (M3) to 8.6 per cent in July, from 9.6 per cent in June, has been helpful. Even so, monetary growth is running has been "behind the curve" above this year's target. Again, it is hard to see why the Bundesbank should cut rates by an having chosen not to do so only four weeks before. This does not mean the decision was wrong, whether taken vesterday or, for that matter, four weeks before.

monetary trends, rather than

the highly unstable annualised rates of growth from the average of the last quarter of the previous year, suggest there is no reason to worry. The annual-ised rate of growth of M3 has only been 5.6 per cent since the last quarter of 1982, 4.5 per cent since the last quarter of 1993

and 4.6 per cent since 1994. In the second place, the strength of the D-Mark and the slow growth of nominal domes-tic demand, at below 2 per cent in the year to the first quarter of 1996, suggest that monetary policy has been too tight. It is worth noting, in addition, that the steady cut in the repo rate from 9.7 per cent in September 1992 to 3.3 per cent in February 1996, has still left the rate firmly positive in real terms.

International context

In the third place, the Bundesbank ought to take the interna-tional context into account, as many analysts assume it has done in this case. Ona reason is the political stakes in economic and monetary union. But there is also a narrower economic justification. In considering the effects of its monetary policy, even on Germany, the Bundesbank must examine the conse quences for European interest rates and exchange rates. The last thing Germany needs is for the French franc to fall sharply against the D-Mark or for there to be higher interest rates in its biggest trading partner.

Whether this move was taken at the right time is questionable. But it was the right move.

Was it also of the right size? Because the Bundesbank hates reversing a trend before it has run its course, it always moves cautiously. Partly hecause of this and partly for reasons heyond its control, it since it started cutting four years ago. This may still he true. Mr Tietmeyer justified the cleared the decks for the time being. But inflation is low, economic slack is considerable and fiscal policy is tightening, not fust in Germany, but through-In tha first place, longer-term out most of Europe. Further

Smoking § under fire

Amarica's tobacco companies disputed, smokers in western might he forgiven these days for feeling almost as beset as the pariahs to whom they sell their products. A growing wave of lawsuits brought by smokers and by US state authorities has sent their share prices reeling. Now President Bill Clinton seems set to endorse new rules from the Food and Drug Administration for regulating the sale of cigarettes. Will tobacco companies have to forfeit a large chunk of their US profits? And where is the tide of increased

The first question can only be answered by the courts. But it is now being posed insistently, thanks to a jury verdict in Florida two weeks ago ordering Brown & Williamson, the US subsidiary of BAT Industries, to pay \$750,000 (£483,870) damages to an addicted smoker and his wife. This was only the second such case to have been lost by the US tobacco industry. Since the first, in the 1980s, was overturned on appeal, this now stands as its only defeat.

regulation leading?

Tha companies' worry is that, with hundreds more cases pending, one more hostile verdict could establish a trend. And the arguments against the industry are growing in sophistication. Juries have in the past accepted that smokers freely choose their vice, but the Florida panel was swayed hy evidence that the company had concealed knowledge that nicotine was addictive. Public authorities are increasingly seeking redress for costs incurred through smoking

Health warnings

The proliferation of cases has more to do with the ingenuity of the US legal profession mining a new seam of profit than with the merit of the arguments. It can hardly have escaped the attention of any sentient American that smoking is harmful or addictive, since the US surgeon general's 1966 edict which prescribed bealth warnings on cigarette packets.

The health authorities' legal case is, if anything, weaker. Although the precise sums are mine for criminals instead.

countries probably pay more in taxes than they cost in addi-tional medical subsidies. It would be desirable for the companies - on the principle that the poisoner pays - to foot more of this bill themselves, but it is hard to ensure that they do.

But what is the proper role of governments in all this? How far should they go beyond ensuring that citizens are in command of all the facts to anable them to maka an informad choice whather to smoke? Would Mr Clinton ba right to treat tobacco as a drug to be regulated by the FDA? .

Limited effects

In practice, the president's move would hava limited effects. The rules he seems likely to accept - including a ban on vending machines, curbs on the sale and advertising of tobacco to minors, and restrictions on sponsorship of sport and entertainment - are targeted at discouraging smoking among teenagers. Since addiction is frequently traceable to teenage years, and minors are less equipped to make the necessary discriminating choices, this is a sensible approach.

Nevertheless, the administration would ha wise to think carefully hefore going further down the road of increased reg-ulation. For one thing, Mr Clinton risks deepening the existing anomalies and distortions in drugs policy by singling out tobacco for FDA oversight, but leaving alcohol under a different regime and keeping other, arguably less harmful drugs

outside the law. For another, there is no evidence that heavier-handed regulation would work, any more than prohibition of alcohol worked in the 1920s or prohibition of cocaine works now. State lawe ban the sale of cigarettes to minors all over the US - yet 3,000 youths begin smoking every day. The industry may now be a punchbag for some politicians and meal ticket for lawyers, but it would be disastrous folly to turn it into a gold

A world that turns on plastic

The race is on for global payment groups to develop 'electronic purses' using smart cards, say Motoko Rich and George Graham

n Mission: Impossible. Tom Cruise's latest film, the fearless Ethan Hunt breaks into the CIA computer room, disarming a technological stronghold by punching in numerical codes and submitting his eyes for a retina

high-tech wizardry as fantastical, some of the gadgets may not be far from reality. Researchers worldwide are experimenting with technology which would allow not only security barriers but also electronic payment systems to use the retina, the handprint or even a facial expres-sion as an identification method.

"We are moving into the electronic age where money will just be information about the wealth you have," says Mr Hans van der Velde, president of the European Uniun region of Visa Interna-tional. Some companies believe that parts of the body, rather than paper or coins, can be used to establish the amount of money ebody has available to spend.

For the time being, however, most participants in the payment industry believe the best alternative to cash remains the humble, but universal, plestic card.
An increasing number of

payment card organisations are replacing the magnetic strip the present industry standard with a tiny computer microchip which enables cards to be used not only to carry out financial transactions but also to store data about the card's owner.

A chip-based card is much

more difficult to counterfeit than the magnetic stripe card, and can carry details of a cardholder's insurance policies, medical his-tory or driver's licence. It can be used to manage a retailer's loyalty programme and, even, be used as a key for house or car.

Above all, as a plethora of experiments demonstrates, it can be used as an "electronic purse" storing value instead of petty cash. Pilot programmes from the US to Australia are testing the capabilities of these cards.

In the UK, the most advanced trial is being conducted by Mondex. originally hacked hy National Westminster Bank and Midland Bank, and now owned hy 17 banks. During the past year Mondex has invited customers to use the cards in Swindon, where they-can-pay for small-items like newspapers or chocolata bars without coins or notes.

The cards are loaded up with

value debited from the customer's bank account at automated teller machines or on "smart" telephones. Retailers can then take funds off the card without having to authorise each transaction on-line.

While Mondex is in a race with other global payment organisa-tions to develop and market its version of the electronic purse on a global basis, several regional projects are harnessing the smart card technology for a number of

Transcard, operated in western Sydney by Card Technologies Australia, combines an electronic bus pass with a re-loadable cash card that clocks up loyalty bonus points for buying McDonald'e hamburgers or entry to the local swimming pool. In France, customers can pay for taxi rides. newspapers and phone calls with virtually ubiquitous smart cards. Sponsors of these projects are enthusiastic about the early results. "The technology works.

CUMMINGS. That's probably more of a shock to people than anything else," says Ms Beth Horowitz, Master-Card'e vice-president for chip card husiness in Australia.

Live testing has resolved some questions. Almost everyone now agrees that the electronic purse must be reloadable, not a dispos able fixed value card that has been used for telephone cards or in Visa's Atlanta pilot.

Bnt for those who wish to exploit the global market - worth an estimated £2,000bn - for card payments, there are some issues that remain unresolved.

One is standards, an issue which plagues all new technological innovations, from the Internet to video casette tapes Although Europay, MasterCard and Visa, the largest global retail payments organisaand international etanderds for chip cards, some systems

notably Mondex - do not comply. "The issue of standards has complicated the market for 15 years," says Mr Gerald Hawkins, manager of card services at LLoyds TSB in the UK. "It is one of the reasons why Mondex, whilst clearly a very advanced development, has taken a bit of a knock." The idea of a standard is that it would guarantee intero-

perability between systems,

multiple terminals to accept dif-

ferent cards.

cause retailers will want

Mondex argues that the mar ket, rather than standards, will determine which cards will operate in point-of-sale terminals. It says that a number of these terminal suppliers bave already demonstrated that interoperable equipment can be made to accept Mondex and all other magnetic

stripe and chip cards. In fact, the EMV standards themselves have been criticised because they stick to "contact" technology, in which the chip must come into physical contact with a reader inside a slot. For high volume applications in places like metro railways or buses, contactless technology, in which a card contains a small radio transmitter or a stripe that can be read with a quick swipe, are considered more appropriate. "A contact smart card in a

mass transit environment is just too slow," says Mr John Hall, general manager for retail banking services for the Credit Union Services Corporation of Australia. The biggest problem of all, bowever, is ensuring the smart card makes financial sense.

"The reason for all these projects is that no-one bas proven the business case. I'll be really interested to see if anyone makes money out of this," says Mr Eugene Lockhart, president and executive

MasterCard International The business case for the smart card has receded because telecommunications charges which once made on-line verification expensive are now coming down. and with them fraud rates. "Ten years ago you could justify the purse un the basis that it would cut costs," says Mr Peter Hirsch. managing director of Retail Banking Research, the consultancy, "But oow telecommunication costs are coming down and the husiness case is getting weaker. The chip is too expensive

to give short-term retorns."

But at about \$10 a piece, a smart electronic purse - though more expensive than a magnetic strine card - is not completely

devold of financial advantages. Cash, which the purse would partly displace, is expensive. The Association of Payment Clearing Scrvices in London estimates that cash handling costs the UK financial services industry about

or banks, the purse could offer the chance to undu some of their past mistakes. In Australia, for example, the banks have pressed eards so far that they are being used for much lower value purchases than banks would like.

"We don't think much of paying 20 cents to process a 95 cent transaction at McDonald's," says Mr Hall of the Australian credit

For merchants, the replacement of cash means the elimina-tion of considerable hassle, "If you take cash, you have to take it home, count it, put it into a night safe and then pay it into the bank the next day," says Mr Richard Jackson, manager of Victoria News in Swindon, which accepts the Mondex card.

But many retailers are likely to resist paying for the "privilege" of accepting the purses. "Of course there will be tough negotiations between individual banks and retailers," says Mr Ron Clark, chief executive of Mondex UK. "We had this hattle over Switch [the UK dehit card hrand] with retailers who said they wanted us to provide it for free. But over time they have paid for it because it is a husiness propo-

Consumers, on the other hand. mey prove much more difficult lo convince that an electronic purse is worth paying for when they can get cash for free.

But Transcard charges A\$9.95 (US\$7.82) a card, and says customers gladly pay it because the cost is covered within two weeks by the free hus rides they earn through a loyalty bonus scheme. "We have categorically proved

that the consumer will pay," said Mr David Mac.Smith, managing director of Card Technologies But it still may he difficult lu

persuade consumers to abandon cash altogether. "We are going to have e migration period of at least 10 years," said Mr Lockhart of MasterCard. It will take even lunger for more technologically advanced developments like the retina scan lo move out of the film world into the marketplace.

Mr Ricbard Tyson-Davies, director-general of Apacs said: "The card is one of the most standardised ilems in the world. It is tremendously accepted and bold person who threw that away.

OBSERVER

You may not book based on the bank's involvement in loans to the credit it.

W Good naws for economic historians. Credit Lyonnais, the state-owned French bank, is researchers. Most of the bank's collective memory happily, escaped the fire that recently destroyed much of the

headquarters.
There is, however, less joy around for those booking to gain enlightenment on such issues as last year's negotiations between the government and the bank over its costly restructuring package: The relevant material has not yet been submitted to the archives, and would in any case not be accessible for 30

As for those who might hope to gather information on the credit worthiness of some of the bank's more libistrious chemis, ... they will have to be even more parient. With the requirement that nothing is divalged on individuals until 120 years after their birth, the only intimate financial details available on a living person would be those of Jeanne Calmant, the world'a oldest woman and we don't think she's a Credit Lyonnais

Still the archives have already sides are due to turned up interesting material. talks today. such as the recently published

cinema industry. Unfortunately it only goes up to just after the second world war, omitting the less than happy circumstances of its control of the loss-making MGM studio in the early 1990s, finally sold in the last few

Having a ball

European soccer is attracting a wave of naw money, mainly from broadcasters: Perhaps because of that the "S" Word for strikes - seems to be popping up with increasing frequency. In England, the Football

League is in dispute with the Professional Footballers' Association over the distribution of TV cash. The ulavers' union insists it should receive a 10 per cent share of the £125m the league is getting from Rupert Murdoch's Sky TV over five years, in line with the traditional percentage payment it has received as its share of TV

The league claims that the union would be breaking industrial law if it encouraged its players to strike, but the union is likely to win a mandate for a strike once the players respond to a ballot. The two sides are due to meet for more

Dutch soccer referees are also

getting pushy - they're threatening to strike next month. They want bigger match fees and better pension rights. their photographs published they want the same whacking sort of payments the players get.

Little stinkers

■ In France, the under-10s are now the new target of the perfume industry. In 1995 total cosmetics sales in France were FFr28.3bn (\$5.6bn) - FFr465m (\$93m) went on babies or children.

French cosmetics giant L'Oreal three years ago launched onto the children's market its line of P'tit Dop fruit-flavoured shampoos. And Givenchy has produced the baby perfuma Prisenbon, which means "the little one smells nice" in French haby-talk.

Just one problem. "We're talking about bygiene, and children prefer to be dirty, not perfumed, not even showered. says Alix Britatoff, an adviser to the upmarket Bonpoint children's stores.

Nickels 'n dimes

A joker at the beadquarters of Norilsk, Russia's big Siberian nickel producer, has changed the sign on the cash office door to

read "No cash office." Cash flow problems mean that employees don't expect their April and May salaries to be paid until next February (plus seven per cent interest).

But Norilsk has evidently found a way of denting the deficit, according to Ray Goldie, metals specialist at Richardson Greenshield, the Canadian stockbroker. Goldie and some Canadian nickel industry executives on a visit to the company were shocked when Norilsk'e tour organiser unexpectedly announced that the cost of tours of the mine and surface workings would be US\$860 a person, payable in cash. That's more than a miner earns in a month. And at least twice the average pay in Russia.

Holiday blues

■ Summer holidays - don't you love them? Not if you're a finance director. Some of them in Britain think they're nothing but a nuisance.

A survey by tha UK's Chartered Institute of Management Accountants has found that 10 per cent of fun-loving finance chiefs questioned said they "hated summer holidays because they disrupt normal work patterns and reduce profitability". Don't fret chans: in the UK, at least, they're almost over.

Financial Times

100 years ago

Bell Telephone After an irregular opening in our market to-day business became very inactive, but the tone was distinctly stronger at the close. The chief feature of the day's dealings was Western Union Telegraph. which rose early in the session, in consequence of a rumour that the Company had gained control of the Beil Telephone, hut hroke again almost immediately, on an official denial of the story. Elsewhere there was little

doing, the sales of the day amounting to only 55,000 shares, of which 10,000 were Telegraph and 11,000 Sugar.

50 years ago Newspaper Unknowns

With so many unknowns in the newspaper investment equation - I noticed a reminder yesterday that one of the Press Lords once said that his paper was not run for the prime purpose of making profits - it is difficult to enthuse over capital appreciation prospects of Newspaper shares.

They have indeed not quite lived down the speculative reputation engendered by pre-war attempts to obtain readers at any price. Yields are small and most chares em to discount the forseeable future.

FINANCIAL TIMES

Friday August 23 1996



China turns up heat for union with Taiwan

Sy Tony Walker in Beijing

China has called for a resumption of "political talks" with Taiwan in a move aimed at increasing diplomatic pressure on Taipei to accelerate progress towards reunification. Mr Tang Shubei, China's top negotiator with Taiwan, told

Taiwanese visitors this week "it is time" to resume negotia-tions, saying Beijing wanted peaceful reunification and an end to hostility.

The initiative reflects frusiration in Beijing at lack of movement on reunification since presidential elections in Taiwan in March. Before the elections. China sent missiles into waters off Taiwan and lambasied its president as someone destined for the "dustbin of bistory." In Beijing, a western official said China, disappointed that criticism of Mr Lee following Taiwan bad not resumed a dia-

cuts repo

Continued from Page 1

rate to 3%

rate decision. But low infla

tion, with no dangers to price

stability on the horizon, had

He added the repo cut was

also consistent with interna-

tional conditions, though be

made no reference to the prob-lems of the French franc. Some

ecocomists said there was a

strong European dimension to

the Bundesbank's rate cut.

The move would also belp Ger-

man exporters by hraking the

in the run-up to European

monetary union that policy

moves bave international implications," said Mr Klaus Friedrich, chief economist at

Dresdner Bank in Frankfurt.

Mr John Butler, a bond ana-

lyst at WestLB Research in

Düsseldorf, said the Bundes-bank had taken strong account

of European needs. "European

factors were crying out more

for a rate cut than German

ones."
But Mr Martin Hüfner, chief

not the European central

bank. It acts purely from its

"We are getting more aware

D-Mark's rise, they said.

also influenced the move.

ball hack in Taiwan's court". China regards Taiwan as a renegade province and has not ruled out force to secure its return to mainland control.

Taiwan's response to the latest diplomatic offensive, which includes proposals for direct shipping links, has been noncommittal. "We have never ruled out talks on political issues with the mainland." said Mr Kso Koong-lian of Taiwan's policymaking Mainland Affairs Council.

A Chinese foreign ministry official dampened expectations of an early resumption of talks, accusing Taiwan of "disrupting" prospects. Beijing suspended cross-strait negotiations in protest at the visit to the US in June of Taiwan's President Lee Teng-bui. Beijing had scaled back its

bls alection and had been encouraged by his offer of a

decided it was time "to put the "journey of peace" for talks with mainland officials, but expectations of action bave been dieappointed. Chinese officials have been saying privately they believe Mr Lee is not interested in a dialogue and his real agenda is to pro-mote a policy of "one China,

one Tarwan" or "two China's".

Mr Tang, who is vice-chairman of the Association for Relations Across the Taiwan Straits (Arats), said China was committed to reunification through peaceful means, hut Taiwan appeared intent on splitting the country and ruling under separate regimes." China's renewed call for negotiations on such issues as direct shipping, air and postal links and, eventually, on reunification questions coincides with a resumption of

what the Taiwanese describe as "pragmatic diplomacy" aimed at increasing their inter national living space.

Peruvian opposition leaders

Moreover, Mr Fujimori's

Many local businessmen and

rewrote the constitution to permit a serving president to stand for a second consecutive term. Mr Fujimori was reelected last year in a resoundound victory ove former UN secretary-general

Mr Fujimori's supporters argue that because a new constitution was introduced in 1993, he was in fact elected for the first time in 1995 and could, therefore, stand again in

the year 2000. The congressional debate on the move, expected to continue well into the night, will deflect attention from an embarrassing series of corruption allega tions against Mr Fujimori's chief intelligence adviser, Mr

Bundesbank German business is switched on over Emu change

By Peter Norman in Bonn

The seriousness with which German businesses are taking European economic and monetary union - still years away was underlined yesterday at a

specially arranged meeting. Although the D-Mark is not transitional six months from the beginning of 2002. due to be replaced by the euro until 2002, businessmeo discussed problems they think the switch will cause.

These included issues like

how to write price labels on goods in the transitional period while national banknotes and coins are heing replaced. replaced. Around 100 representatives from German trade federations 2002,

turned up at the hearing, arranged by the government to help it form an approach to negotiations with the European Commission on the switch to the euro. Mr Klaus Friedricb, chief

economist of Dresdner Bank in Frankfurt, said the bank was economist at Bayerische on the verge of deciding to Vereinshank in Munich, dis-invest DM150m (\$101.3m) in with Emu.

Once such decisions were made it was difficult to imagine Emu being abandoned or

According to an economics ministry official, the main sage from the meeting was that there should be no mandatory "double pricing" ln D-Marks and euros during the

A survey carried out for the meeting by the German chambers of industry and commerce (DIHT) showed that more than three quarters of the 200 companies questioned wanted to price their goods and services in euros before the official replacement of national cur-rencies at the beginning of

Just under half favoured voluntary pricing in D-Marks alongside official prices in euros in the first half of 2002, while just under a quarter were in favour of showing prices in euros only.

However, retail trade representatives feared problems in providing bar codes with dou-hle pricing, and claimed that registers could be adapted to show prices in both euros and

Tobacco groups face growing pressure

Continued from Page 1

of the Food and Drug Administration. The FDA's remit requires it to ensure the drugs and products under its authormy do not go on the market uniess they are safe.

Since cigarettes are not safe.

Europe today

British Isles will have most of the rain but it will also be wet in west France and north-western Spain.

will be thunder showers in the

extreme east. There will also be

front will move into Scandinavia, causing rain in south-western

periods. Thunder showers will develop in Greeca, but most of Turkey will be surny and dry.

Five-day forecast

Nerway, Italy and the Balkan States will be mainly dry with sunny

The Benelux, France and Germany

will have showers and Scandinavia will have abundant rain. Most of Spain will be sunny and dry, although thunder showers are like

in the east, Italy will have sunny

the FDA would theoretically be obliged to ban them.

Tobacco manufacturers have already launched legal action to block the move, with some hope of success.

related benefits. The new federal regulations on tobacco expected

A year ago, Mr Clinton pro-posed measures including Until now, the FDA has only severe curbs on tobacco adverhad jurisdiction over products tising, and a ban on vending which make claims of healthmachine sales.

Peruvian president accused of a virtual

Opposition leaders in Peru have attacked an attempt by Mr Alberto Fujimori, the country's president, to stand for an unprecedented third five-

Consecutive presidential state until the year 2005.

gress, where Mr Fujimori's party has an overall majority, which would allow him to run

have denounced the move as unconstitutional and an effective coup d'état. But members of the ruling Cambio 90/Nueva Mayoria alliance say the pro-posal simply "interprets" the existing constitution without changing It. Earlier this week

popular approval ratings strengthened by the virtual defeat of terrorism, the curb-ing of inflation and the normalisation of relations with the international financial community - have remained consistently above 60 per cent, sometimes hitting 80 per cent.

foreign investors associate Peruvian stability with Mr Fujimori and would be glad to

An elected constituent assembly - in which Peru's two main opposition parties refused to participate - then

coup d'état By Sally Bowen in Lima

terms are traditionally taboo in most Latin American countries, but Mr Fujimori, now entering his eeventh year in office, is paving the way to remain his country's head of

Yesterday a proposal was being botly debated in confor office again.

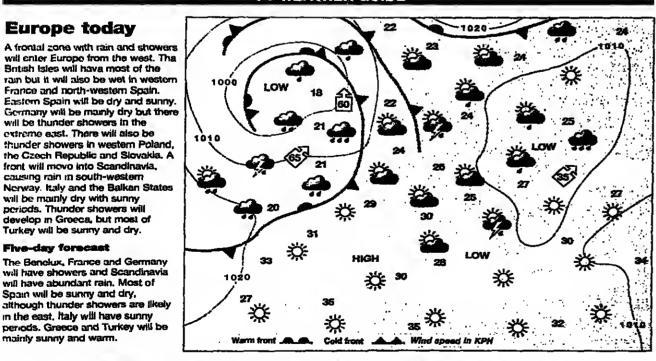
a congressional commission approved the draft law.

He has governed Peru since July 1990 when, as a relatively obscure university rector, he snatched the presidency from the internationally known novelist Mr Mario Vargas Llosa. Less than two years later, alleging obstructionist tactics by Peru's "traditional" political parties, he closed down congress and the judiciary.

Mr Javier Perez de Cuellar.

Vladimiro Montesinos.

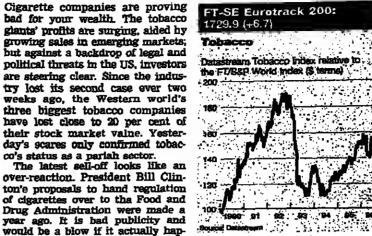
FT WEATHER GUIDE



periods. Greece and Turkey will be mainly sunny and warm. rain 30 sun 14 sun 24 fair 30 sun 26 fair 30 tair 26 fair 18 sun 32 fair 30 fair 28 Franklum Geneva Gibrattar Glasgow Hamburg Helishki Hong Kong Honokulu Istanbul Jokarta Jorsey Karachi Kimarit Majorca Marita Marichas Marichas Marichas Melbourn Millam Montreal Moscow Marich Nakrabi Nasses Nas Nasses Nasses Nasses Nasses Nasses Nasses Nasses Nasses Nasses Chicago Cologno Dakar Dallas Delhr Dubai Oublin The airline for people who fly to work. Lufthansa

THE LEX COLUMN

Wealth warning



pened. But there is a strong legal

case to suggest it will be thrown

out in court. Concerns over the

impending judgment in the case of Mr Richard Rogers, who died of

lung cancer, are more understand-able. A guilty verdict would be the worst blow to date. Nonetheless, the

case is being held in a favourable

turisdiction for the cigarette compa-

nies; so the odds must be on

another escape.

A favourabla judgment in the Rogers case would push shares

higher, but litigation concerns will

not disappear. Investors should step

up the pressure on BAT, RJR and Philip Morris to demerge non-to-bacco businesses. Both BAT and RJR would add substantial immedi-

ate value by releasing their finan-

cial services and food businesses from legal risk. Given the perfor-

mance of their shares, it is the least

Bundesbank failed to cut rates at

Criticism that such a large cut was political, aimed at easing pres-

sures on the French franc, appears

misplaced. The Bundesbank will

probably argue that what it has given up on the monetary front should be clawed back on the fiscal

side. Mr Hans Tietmeyer is known

to bristle at the suggestion that the

its last meeting on July 25.

management could do.

Bundesbank

valuation at the time of unification. Indeed, the men in Frankfurt may feel that their generosity will put

them in a better position to push for rigorous fiscal rules for coun-tries which qualify for Emu.

The Bundesbank's largesse does not come without risks. By moving decisively, it has left markets wondering how much ammunition it has in reserve should the dollar or franc come under pressure. France has been givan greater room for manoeuvre, but the franc is not out of the woods. Delivering a tough budget next month against a backdrop of high unemployment and low growth remains fraught with danger. But the implication of yesterday's cut may be that a successful attack on the franc remains unlikely so long as interest rates in Europe continue falling.

Rentokil

Having swallowed BET, Rentokil The Bundesbank was up to its old has to prove it can digest its prey. It has made that job harder for itself tricks yesterday - 30 basis points off the repo rate exceeded the most optimistic hopes. Bond prices celeby deciding to hang on to BET's entire range of businesses, whether brated, with most markets making they fit or not. up the losses suffered since the

That raises two issues. The first is whether Rentokil has the depth of management to integrate its acquisition successfully. BET has twice Rentokil's turnover, three times as many employees and a very different culture. Rentokil's top management is highly regarded and rightly so. But in a group that prides itself on keeping resources tight, there is little spare capacity among middle managers. This was

The decision to keep activities Rentokil has no experience of, such as resort management and crane hire, raises the risk that something will go wrong. Second, these businesses are more capital intensive and more cyclical than traditional Rentokil gold mines like pest control. Retaining them will drag down the share rating of the entire group.

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THE P. May LANSING

Rentokil has set its face against disposals because they would dilute earnings per share and could imperil its 20 per cent annual earnings growth. That seems also short-term view when asset sales would improve the quality of the portfolio. After outperforming the stock market by a fifth since the bid was announced, the shares stand on a 60 per cent premium to the market average. They look expensive.

HSBC

The market's cautious response to news that HSBC's US eubsidiary. Marine Midland, has paid \$620m to buy a New York savings and loan outfit was understandable. UK banks have an inglorious record of acquisitions in the US. But, with this deal, HSBC appears to have avoided going down the same road. The group has a reputation for keeping a tight hand on the wallet and a price of 1.55 times hook value is reasonable by recent industry standards. Moreover, with rivals growing larger as US banking consolidation continues, standing still was not an option.

The deal goes some way towards addressing the criticism that Marine is too small. It increases the bank's assets hy about 30 per cent. and cements its status as one of the top 10 banks in New York state. It also makes geographic sense. The two institutions are in the same part of the state, so there is scope for consolidation and cost savings. Less certain is what growth prospects the deal offers beyond these rationalisation benefits. Marine should be able to sell a broader range of products to its new client base, but it has not escaped the dismal regional economy.

Within the context of a group that made £2.3bn profit in the first six months of the year alone, the acquisition is small beer. But coming on the heels of NatWest's withdrawal from the US retail market, it does represent a clear statement of Bundesbank will acquiesce in any demonstrated by an unwelcome intent. Having tided Marine over a fudge of the Maastricht criteria, bowing again to the politicians as it did over the east German Mark's board was distracted by the bld.

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IN BRIEF

Norske Skog beats downturn

Norske Skog, Norway's largest pulp and paper group, bucked the trend of falling profits among Scandinavia's big forestry companies by reporting a 22 per cent jump in first-half pre-tax profits to NKr1.04bn (\$162m). But it cautioned on second-half earnings. Page 13

Chip demand helps Canon double Canon, the Japanese camera and office equipment maker, reported more than doubled profits of Y63.7bm (\$588.2m) for the first half of the year, supported by firm demand for semiconductor chips and computer-related products, and the weaker yen. Page 12

News Corp shares slip as profits fall Shares in News Corporation, the international media and entertainment group run by Mr Rupert Murdoch, fell 7 cents to A\$6.40 after higher paper prices and abnormal charges caused the company to report a 25.3 per cent fall in after-tax profits to A\$1.02bn (\$790m) for the year to June 30. Page 12

Shareholders consider SmarTone sale Shareholders in SmarTone Mobile Communication tions, the smallest of Hong Kong's four mobile phone operators, are considering a flotation of the company, eccording to Sun Hung Kai Properties, which holds a 40 per cent stake. Page 12

Currency effect bolsters BASF BASF, the German chemicals group, reported a 3.5 per cent increase in underlying profits in the first half as a result of currency gains and ecquisitions. Pre-tax profits excluding exceptionals were up DM100m et DM2.93bn (\$1.97bn), thanks to favourable currency movements.

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Skanska rises strongly to SKr2.4bn Skanska, Sweden's biggest construction group, shrugged off continued weakness in the European and domestic building market to post a 57.6 per cent increase in first-half pre-tax profits to SKr2.4bn (\$361.4m). Page 13

Bass set for Carisberg-Tetley deal Bass was last night close to agreeing to pay £200m (\$312m) for Allied Domecq's share of Carlsberg-Tetley, the brewing joint venture owned by Allied and Carlsberg, the Danish drinks group. Page 14

ITT Sheraton rules out Exclusive buy ITT Sheraton, the international botel chain, has ruled itself out of the auction of 17 Exclusive Forte hotels by Granada Group, the UK television and leisure concern. The chain was valued at £930m (\$1.45bn) by Christie, the UK property surveyors, at the end of last year. Page 14

The rate of recycling of aluminium beverage cans continued to climb last year - reaching 35 per cent in Europa and 65.7 per cent in Japan, which for the first time recorded e higher rate of recycling than the US. There the total dipped slightly to 62.2 per cent. Page 20

Rentokil

SSAB

Siemens

Skanska

SmarTone Mobile Com

Sun Hung Kai Prop

Companies in this issue

14 ITT Sherator 12 Kirch Group Archer Daniels Mid Ashton Mining 12 Клирр Avesta Sheffield 13 Lego BASE 13 Marine Midland 1, 6 Montedison **BSkyB** 14 News Corp Bess 12 Norske Skog 12 Qentas Canon Carleberg-Tetley Chaung Kong Codelout Danubius Hotels Den Danske Bank Deutsche Bank 13 Swedbank First Federal S&L 14 Teck Corp 12 Telefónica

14 Telkom H&C 11, 10 Tsingtao Bre-HSBC 1e Vereinsbank 12, 11 WMC Hutchison Whampos ING Group Market Statistics http://www.FT.com Armuel reports service 24,25 FT-SE Actuaries indices

Foreign exchange Gilts prices London share servics Bond futures and options Managed funds service Money markets modities prices Dividends announced, LIK New Inti band issues EMS currency rates Eurobond prices . Fixed interest indices Short-term int rates US interest rates FT Bold Mines Index World Stock Markets FT/ISMA intl bond ave Chief price changes yesterday

Mr Jim Cleave, chief executive of both Marine Midland and HSBC Americas, said the acquisition of First Federal from the Toronto-based Canada Trust Financial Services group would turn Marine Mid-

expand further. "We are growing in the US rather than even

A stream of mergers and failures has slashed the number of banks in the US by a third over the last 10 years, but more than 9,800 separate institutions still survive. As legal barriers to mergers between banks in different states are removed, consolida-

Many foreign banks, includ-ing First Federal's parent, CT Financiel and the UK's National Westminster, have concluded that the price of land into a bank with almost staying competitive in the US \$30bn of assets - big enough to is too high.

Mr Edmund Clark, president eliminating duplication in the area of New York City. of Canada Trust, said he had arees such as computer It has been growing fast welghed Marine Midland's offer against the additional investment that would have been needed to achieve market dominance. "We determined

Federal, Marine Midland would look for more acquisi-tions in New York and neighbouring states. "We as a group tunities to grow," he said.

systems and cineing some overlapping branches. That should beln to close the

gap in profitability between eral, with profits of close to \$50m last year, has been producing a return on equity of 12-14 per cent, similar to other S&Ls but lower than Marine Midland's return of about 20 per cent.

First Federal's Rocbester base is 100km down the road from Marine Midland's beadquarters in Buffalo. Its 79 branches will expand Marine lent to more than 40 per cent Midland's network not only in (\$77.5m).

of First Federal's cost base by upstate New York but also in Lex, Page 10

It has been growing fast in the US mortgage market, and now has \$7.2bn of assets. First Federal is owned by CT Financial Services, parent of Canada Trust, the largest Canadian trust company, CT is in turn 98 per cent owned by lmasco of Canada, in which BAT Industries of the UK owns a 41.5 per cent stake.

CT will receive a total of C\$935m (\$682.40m) including a pre-closure dividend of C\$92m. producing a pre-tax gain of about C\$320m. For BAT, the First Federal sale will result in a pre-tax profit of about £50m bonus scheme By David Brown in Amsterdam

reviews

and John Gapper in London

ING Group, the Dutch bank which rescued the merchant bank Barings last year, disclosed yesterday that it was trying to create a inng-term incentive plan to retain highpaid investment bankers without over-rewarding them.

The disclosure came as ING

ennounced that pay and bonuses in banking operations hod risen 23 per cent from Fl 1.6hn to Fl 2.1hn (\$1.2hn) in the first half, largely due to the rescue of Barlings at a cost of £660m in March last year.

Pre-tax profits for the group rose 26.3 per cent from Fl 1.7bn to Fl 2.2bn. with the Insurance division contributlng a strong result. However. ING Group warned that it was unlikely to sustain such a strong rise in the second half. Mr Aad Jacobs, chairman, said part of the rapid rise in expenses was due to bonuses in the City, "if you want to have first-class people, you have to pay high bonuses. We are trying to design these payments to create an incentive to keep people for the longer

term," be said. ING said the full integration of Barines into its new ING Barings unit made it impossible to detail the contribution of the investment benk to earnings.
Mr Jecob said the group was

very pleased" with its performance to date.

The Barings ecquisition belped commission income grow 45 per cent to Fl 1.28bn. Of this, commissions from securities broking edvanced 83 per cent to F1378m, of which 62 percentage points were generated by Barings.

The banking division's result from securities and foreign exchange trading on its own eccount more than doubled from Fl 208m to Fl 534m The comparable figure was lower in 1995 in the aftermath of the Mexican peso crisis.

On the insurance side, firstbelf pre-tax profit advanced 16.8 per cent from Fl 995m to F11.16bn, due largely to higher results in the Nether-

Fuli-yeer eernings per share, which were Fl 2.12 in the first balf against Fl 1.7-1, are forecast to rise despite an increase in sbare capital stemming from stock dividends and the exercise of warrants.

HSBC in \$620m US bank deal

By George Graham, Banking Correspondent

© THE FINANCIAL TIMES LIMITED 1996

HSBC, the UK-based international banking group, yesterday raised its presence in the fast-consolidating US banking market when Marine Midland, its New York subsidiary, agreed to pay \$620m to buy First Federal Savings and

considering getting out," he

tion is likely to accelerate.

we were a seller, not a buyer, at today's prices," he said.
However, Mr Cleeve said
that once it had digested First

will continue to look for oppor-The merger is expected to produce cost savings equiva-

Privatised carrier cuts costs by A\$486m as trading conditions remain tough

Qantas increase beats flotation forecast

By Nikki Tait in Sydney

Qantas, the Australian airline which was privatised just over a year ago and in which British Airways holds a 25 per cent stake, yesterdey comfortably beet its prospectus forecast when it announced an aftertax profit of A\$246.7m (US\$196m) for the year to end-June, compared with A\$180.3m in the previous year. The forecast, made when the

government floated the airline in August 1995, was for A\$237m. Earnings per share were 24.2 cents, compared with last time's 18 cents.

down on the A\$7.98bn foreseen at the time of the float. Official figures for market share bave shown Qantas falling short of the prospectus estimates. In the 11 months to Mey,

Qantas had 53 per cent of the domestic market, compared with the 53.8 per cent forecast for the year to June in the prospectus. More significantly, Qantas' international market share in the 12 months to April was 39.1 per cent, compared with the 41.1 per cent forecast. Yesterday, Mr Gary Pemberton, chairman, acknowledged that trading conditions had been tougher than expected.



- However, the result came on Flying high: Gary Pemberton, Qantas chairman, yesterday outlining the airline's full-year results in Sydney

edding three aircraft and capital expenditure increasing 11.6 per cent to A\$503.5m - it had been forced to seek further expenditure cuts.

"To offset the expenditure associated with this expansion, it was necessary to take an extra A\$175m in costs out of the business, bringing the total cost savings for the year to A\$468m," he said.

Mr Pemberton edded that the savings had come from e range of areas including improved aircraft utilisetion. Qantas also managed to drive down its interest expenses to A\$103m, compered with

and the A\$133m forecast in the prospectus. The Qantas cheirman

showed his relief et the ending of the prospectus markers. "Thank God the prospectus is dead and buried - we delivered the profit," he remarked. But he warned that Qantas expected similar pressures in the current year.

Lower revenue growth and a stronger dollar are again forecast. To compensate for this revenue prediction and to deliver profit growth in line with market expectations, cost reduction targets for new initiatives in the company this As a result - with the airline A\$151m in the previous year year have been increased from strong but at prices which do

A\$230m to A\$330m," be said. These would be in addition to any savings resulting from the company's current lebour

negotiations. "While the early indications are that this is achievable, any unforeseen cost increases, other events or further softening in market conditions may impact on the eventual out-come." Mr Pemberton edded.

Qantas said a further decline in international market share was likely - perhaps by a coupla of percentage points eltbough domestic sbare ehould remain fairly stable. "In parts of Asia, growth is

not provide a sufficient profit margin," the group sald. "Profit will continue to be more important than market

Mr Pemberton ecknowledged this was at odds with the strategies of some Asian-based airlines, which are aggressively building capecity, but said Qantas's approach was deliber ately risk-averse.

"What we are signalling is that we are not going to chase that growth," be said. Yield (in terms of passenger

revenua per kllometre) was 10.60 cents, little changed from the 10.86 cents recorded a year

Cheung Kong lifted by **Hutchison Whampoa**

By John Ridding in Hong Kong

Cheung Kong (Holdings), Mr Li Ka-shing'e property and investment flagship, yesterday announced a 87 per cent increase in net profits to HK\$8.16bn (\$1.05bn) for the first half as a solid underlying performance was lifted by exceptional gains at its associate, Hutchison Whampoa.

The rise exceeded analysis' expectations, though Mr Li increase would not be eustained in the second half of the year. He said the net profit had risen because the great majority of the group's projects for the year were completed and sold within the first six months. "This type of earnings growth is not expected to repeat itself," he said.

Mr Li struck e similarly, measured note about the property market. Noting increased activity and healthy gains in residential property prices in the first six months, he predicted a stable market for the rest of the year. However, be forecast that it would become

more active in 1997. The first-balf result was achievad on turnover of HK\$9.78bn, compared with HK\$7.31bn in tha first six months of 1995. Operating profits rose from HK\$1.23bn to

the dividend was raised from 30 cents to 33 cents.

Industry observers pointed to a strong contribution from property development for the strong first half. "It seems they bave booked all of the revenues from projects such as Kingswood Villas," said one property analyst, referring to one of several developments completed during the first half. Mr Michael Leary, property said the results underscored the bright medium-term outlook for the group. "On a three-year view it looks very

HK\$1.44bn. Proceeds from the listing of Orange, the UK mobile telecoms concern, underpinned a strong," he said, citing strong prospects for property develop-ment, rental contributions and eharp increase in results et Hutchison and a consequent rise, from HK\$5.72bn to the size of Cheung Kong's land HK\$7.95bn, in Cheung Kong's bank, estimated at 19m sq ft. **Hntchison** Whampoa result Earnings per share climbed details, Page 12

Rentokil advances 36%

By Tim Burt in London

Rentokil, the world's largest business services group, yes-terday celebrated its successful takeover of BET earlier this eummer by announcing a 35.6 per cent increase in first-half

profits. In London, shares in the company, which paid £2.1bn (\$3.2bn) for its UK rival, rose 10p to 419p after it said pre-tax profits had increased from e99.2m to £134.5m, including a two-month contribution of 222m from BET.

Sir Clive Thompson, chief executive, said the integration of the two companies was proceeding satisfactorily and predicted cost savings of £20m this year. He confirmed Rento-Harmon Commission of the Commi

kil would be changing its continue to fight a £3.3m sev name to Rentokil Initial, using the former BET brand in areas including catering, healthcare and distribution. However, Sir after refusing a reduced com-Clive confounded industry expectations of e wide-ranging disposal programme by saying Rentokil had no plans to sell large parts of BET.

During the bid battle, Rentokil hinted that it might sell BET's plant services arm. The company is understood to have pulled back from thet pro-posal, but Sir Clive did not rule out the sale of smaller non-core subsidiaries. Integration costs since the takeover were put at £2.5m - mainly to sattle contract obligations to departing BET executives. The company said it would Lex. Page 10

erance claim from Mr John Clark, BET's former chief executive. Mr Clark, dismissed pensation offer from Rentokil, has filed e lawsuit against the company which is due to reach the High Court in October.

After stripping out gains from BET businesses, Rentokil'e opereting profits rose from £96.3m to £115.3m. Analysts broadly welcomed

the figures, but some questioned the reduction in underlying cash flow and increased working capital requirements. Earnings per share rose from 6.51p to 7.87p and the interim dividend bas been increased This announcement appears as a matter of record only



through its wholly owned subsidiary

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Barclays Australia Limited Toronto Dominion Australia Limited

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Syndication Agent ABN AMRO Australia Limited

Commonwealth Bank of Australia Lead Underwriters Australia & New Zealand Banking Group Limited

Commonwealth Bank of Australia Deutsche Bank AG Lead Managers

National Australia Bank Limited Royal Bank of Canada

UBS Australia Limited

Bankers Trust Australia Limited The Dai-Ichi Kangyo Bank, Limited Morgan Guaranty Trust Company of New York Societe Generale Australia Limited

Facility Agent Commonwealth Bank of Australia





NEWS DIGEST

US group agrees Gruma stake buy

Archer Daniels Midland, the US agribusiness company, has agreed to acquire a 22 per cent stake in Gruma, ths Mexican producer of maize flour and tortillas, for \$258m. Cruma, whose better-known subsidiary Maseca controls one-third of untilla production in Mexico, said it would use the capital injection to repay debt and increase reserves, saving an annual \$30m in interest charges,

The tortilla, a flat maize pancake, is Mexico's staple food. Its production and consumption are heavily subsidised by the government. The agreement also gives Gruma the technology and financial backing to break into Mexico's \$1.5bn wheat flour market, which is dominated by Bimbo, a successful and conservative family-run husiness with 40,000 employees and annual sales of \$1.4bn in 1995. Archer Daniels has a small wheat flour operation in Mexico which will give Gruma an immediate entry into the bread husines

Archer Daniels Midland will also be adding its corn finur mills to Gruma's mills in the US, increasing the Mexican company's productive capacity there by about 40 per cent. The combined operation will have annual sales of about \$180m. Gruma's revenues totalled 5.2hn pesos (\$694.7m) in the first half of 1996.

Leslie Crawford, Mexico City

Tsingtao Brewery ahead

Tsingtoo Brewery, the first China enterprise to obtain a listing on the Hung Kong Stock Exchange, yesterday reported an 5.2 per cent increase in net profits, to Yn55.78m (\$6.7m), for the six months to June 30, from Yn51.53m at the interim stage last year. The company, whose initial public offering in July 1993 was 111 times oversubscribed, has fallen foul of investors recently over reported investments in a long-delayed joint venture brewery in Shenzhen, the special economic zone over the

On Monday the company said it was still in discussions with its partner, Pine Seal Development, but that no real progress had been made. This is in spite of being granted a business licence by the Chinese government in July 1994, with an approved total investment of \$53m. Tsingtao revived the plans earlier this year and proposes huilding a plant with annual production capacity of 100,000 tonnes.

The interim results show profits growing again -earnings fell in 1994 and 1995 - hut analysts say continuing uncertainty and a strong performance earlier this year could keep the lid on the share price, which yesterday closed flat at HK\$2.80. Earnings per share for the interim period rose 8.77 per cent to 6.2 fen from 5.7 fen. However, the double-digit growth in turnover, up 18.36 per cent to Yn833.4m from Yn704.18m, suggests there may still he pressure on profit margins, which sent earnings falling last year. Louise Lucas, Hong Kong

WMC to sell oil and gas units

WMC, the Australian mining group, announced yesterday it was putting all its oil and gas assets up for sale - with the exception of its majority stake in the new Goldfields gas pipeline. WMC, which shortened its name from Western Mining, said the move reflected the growing rival capital demands on the group.

"To grow significantly in petroleum, we would need to commit much more capital and participate in many opportunities worldwide," said Mr Hugh Morgan, managing director. "This would draw resources from other opportunities available to the company." WMC has been aggressively expanding some of its minerals operations, and recently announced a A\$1.25bn (US\$986.9m) investment in its Olympic Dam copper-uranium project in South Australia. The assets up for sale span Australia, New Zealand and the US. in 1991-95, they accounted for operating profit before tax of A\$14.9m. on revenues of A\$154.9m. Nikki Tait, Sydney

NML confirms takeover talks

Battle Mountain Gold, the US gold mining group, is in talks with Papua New Cuinea based Nlugini Mining (NML) over the possible acquisition of the outstanding 49.6 per cent of NML it does not already own. Nlugini Mining, which is listed on the Australian Stock Exchange, confirmed the talks - which have been a matter of speculation · in a statement to the exchange. It said it had retained Rothschild Australia to act as adviser. However, it stressed that talks were "still at a preliminary atage".

Nevertheless, NML shares immediately jumped 16 cents or almost 5 per cent - to A\$3.37. The company's main asset is a 17.15 per cent holding in the large Lihir gold project in PNG, although it also has mines in Chile and Australia, and varied exploration interests. Nikki Tait

Ashton Mining slips pre-tax

Ashton Mining, the diamond mining group which holds a 40.1 per cent interest in Western Australia's Argyle mine, yesterday announced a small dip in pre-tax profits in the six months to end-June. to A\$24.7m from A\$25m. However, after-tax profits rose to A\$14.7m from A\$9.6m.

Inco stake backs Teck issue

Teck Corporation, the Canadian mining group, plans to use a newly-acquired stake in nickel producer Inco to back a C\$250m debenture issue. Teck's bolding in Inco stems from the 10.4 per cent stake it beld in Diamond Fields Resources, a small Vancouver exploration company whose main asset is the vast Voisey's Bay nickel, cobalt and copper deposit in eastern Labrador. Inco this week concluded a C\$4.3bn (US\$3.1bn) takeover of Diamond

Teck's share price has almost tripled since it bought the Diamond Fields stake in April 1995. An underwriting group, led by Toronto-Dominion Securities, has agreed to sell the 25-year debentures, which will pay 3 per cent interest. Each C\$1,000 debenture will be exchangeable into 20.73 Inco shares at any time after 90 days.

Bernard Simon, Toronto

Orange float helps lift Hutchison Whampoa

in Hong Kong

Hutchison Whampoa, the Hong Kong conglomsrate controlled by Mr Li Kashing, yesterday announced a 75 per cent increase in net profits for the first half of the year, as exceptional gains lifted the result to HK\$7.84bn (US\$1.01bn).

The exceptional profits came from the flotation of Orange, the UK mobile telecoms nperator, which added HK\$4.1bn to results and offset a fall in operating profits

ciated companies also fell, from HK\$2.75bn to HK\$2bn. Mr LI described the

interim figures as satisfactory, noting they had been further enhance its recur-achieved in a highly compet-rent earnings." Mr Li said. itive environment, particularly in the telecommunications and retail sectors. He struck an optimistic note on medium-term prospects and expressed confidence in Hong Kong's economic ings in Hong Kong, said he future heyond next year's would trim his full-year net handover to China.

from HK\$2.7bn to HK\$2.5bn. liquid, financial position ny's cautious note on the The contribution from asso- and, with the flotation of telecoms sector. Orange and the replenishment of its land bank, it is well positioned in all of its as highly competitive and core businesses to build and

The results were largely in line with forecasts, although some analysts noted higher than expected losses at Orange. Mr Mark Simpson, bead of research at ING Barprofit forecast to HK\$13.1bn. "The group is in a strong, partly because of the compa-

Hutchison described the Hong Kong telecoms market rapidly changing. It said it had responded to the tough environment hy forming a new company in January to consolidate its activities and improve efficiency:

Retailing has also seen a harsh environment, as Hong Kong consumers emsrge cautiously from a downturn in spending. However, the company's A. S. Watson division, comprising 550 retail

The group's ports operations, which extend from Hong Kong's Kwai Chung terminals to Felixstowe in the UK, saw satisfactory growth in volumes and have continued to expand. Hutchison is developing a string of ports across the southern China coast, and this month secured the

Bay in the Philippines. erty projects under way, dividend was raised from 33 including the redevelopment

outlets, lifted profits during of the Hong Kong Hilton site into an office tower and car park, which is due for completion in 1999. Mr Li said Hutchison's property projects in China were at various stages of construction. He predicted an accelerated rate of growth in earnings

from this source. The first-half result was struck on turnover of HK\$18.02bn, compared with contract to develop Snhic HK\$15.88hn. Earnings per share rose from HK\$1.24 to Mr Li listed several prop-

Growth in sales drives profit surge at Canon

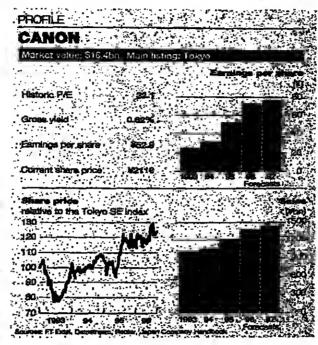
By Michiyo Nakamoto

Canon, the camera and office equipment maker, yesterday reported a more than two-fold surge in profits for the first half of the year, supported by firm demand for semiconductor chips and computer-related products, and the weaker yen. Recurring profit - before

extraordinary items and tax - for the parent company rose to Y63.7bn (\$588.2m) from Y29.8bn last time, as sales of steppers - a complex plece of machinery used in the manufacture of semiconductors - printers for computers and new cameras grew in Japan and overseas. Sales in the first balf climhsd 18 per cent to Y668.6bn from Y568.4hn,

while net profits soared 79 per cent to Y80.8hn from Y17.2hn. Canon has already revised upwards its forecast for the full year on the back of the strong performance and expectations that the favourable exchange rate will continue.

The Japanese company, which started out as a camera maker, has since successfully diversified into office equipment such as copiers and fax machines, as well as semiconductor production equipment and computer peripherals.



It holds the basic technolo- sales here rose 33 per cent to gies for the laser beam and inkjet printera, hoth of which sold well during ths period on the back of buoyant computer sales, particularly in Japan. As a result, sales in the computer peripherals sector rose 32 per cent to Y340.8bn.

The strongest growth, however, came in optical products, where sales of steppers were particularly strong. Canon had heen expecting a 50 per cent rise in the division because of expected expansion by semiconductor makers. However, a sharp fall in memory chip prices this year has forced semiconductor companies to from Y1,230bn, and a 46 per delay their plans, putting a cent increase in recurring

Y55.2hn.

Although camera sales now make up only about 10 per cent of Canon's overall sales, the division was lifted hy strong demand for Can-on's new advanced photo system camera. In the full year, sales of steppers are expected to fall as a result of soft memory prices.

However, demand for printers is expected to remain firm amid continuing strong sales of PCs in Japan. At the same time, the com-pany expects a favourable exchange rate of Y110 to the dollar to support an 11 per cent rise in sales to Y1,870bn slight damper on Canon's profits to Y117bn from stepper sales. Nevertheless. Y80.2bn last year.

Java fund draws 10 groups

By Tom Foremski In San Francisco

communications companies have joined with Silicon Valley-based venture capitalists to create a \$100m fund to invest in companies developing Internet-related products using the Java computer language from Sun Microsys-

The venture capital firm. Kleiner Perkins Cau-field & Byers (KPCB) is the largest investor in the Java fund, followed by Sun Microsystems. Cisco Systems

invested at least \$4m each. The Java language has

heen promoted heavily hy Sun as a way to create software programs that are easily distributed over computer networks such as the Internet. Java programs will run on a wide variety of computers, from hand-held devices to mainframes.

Almost every big computer and software company has licensed Java and prom-ised to include support for it Schmidt, chief technology Comcast, Compaq Computer, in future products. But, as officer of Sun.

With California's Silicon Valley awash with venture capital funds investing in any promising Internet company, the Java fund will

nies with the hest Javarelated product ideas. "There is a lot of money out there but we have not seen anything like this Java phenomenon and we'd like to make sure it is well

have to compete for comps-

ITC chief defends himself

By Kunai Bose in Calcutta The chairman of ITC, India's

largest tobacco group, in which BAT of the UK is the largest single shareholder, attempted yesterday to calm shareholders' fears over the company's future.

The 5,000 ITC shareholders who attended yesterday's annual general meeting are concerned that the chairman, Mr Yogesh Chander Deveshwar, does not appear to have the confidence of BAT, which has a nearly 32 per cent stake in ITC. Local press reports have

suggested that BAT might renew its efforts to appoint a restructuring of ITC that could leave Mr Deveshwar without a seat on a new

The suggestions have been prompted by the fact that BAT has struck up friendly relations with the Indian financial institutions which together own nearly 34 per cent of ITC. Mr Deveshwar told yester-

day's meeting: "I have differences with BAT. These need not be publicised. Instead we should sit down and talk to resolve our differences. Mr Deveshwar said that in to July) of the current year ITC's tobacco husiness grew by 22 per cent and the tradwere the best in the compa-

However, shareholders are also concerned about the slow progress made in restructuring ITC business such as paper, edible oil and financial services. Mr Deveshwar confirmed that the value of ITC's investments in its subsidiaries had

ny's history.

shares slip on weaker earnings By Nikld Tait in Sydney Shares in News Corporation

the international media and entertainment group run by Mr Rupert Murdoch, fell 7 cents to A\$6.40 yesterday, after higher paper prices and abnormal charges led to a 25.3 per cent fall in aftertax profits, to A\$1.02bn (US\$805m), for the year to nd-June. In the previous 12 months, the group made

Bsfore ahnormals . matnly related to asset sales - group profit fell a more modest 6 per cent, to A\$1.26bn. Earnings per share, also before abnormals, were down 13 per cent, at 40 cents. Revenues were up 8 per cent at A\$13.1bn.

News held out the promise of strong recovery in the current 12 months. It said it was seeing a "modsrating trend in paper prices" and a "solid forward order book of advertising" at its Fox broadcasting business in the

hudgetsd profit increase of at least 20 per cent for the full year currently appears very attainable", it said.

News said higher paper prices had cost it about US\$300m last year. In spite of this, the UK newspaper group, News International. posted a 10 per cent rise inoperating profit, with higher cover prices at The Sun and The Times, and advertising volume gains, helping offset the paper price rises. But in the Australian

left operating income from the newspaper division overall at A\$501m compared with A\$487m.

The US television division lifted operating profits to A\$549m from A\$513m. News said Fox television and the Fox Broadcasting Company made strong gains. In magazine and inserts, operating profits fell from A\$356m to A\$324m, while the film business fell to A\$145m from A\$152m. Book publishing contrib-

uted only A\$90m, compared with A\$182m previously. This was blamed on the sale of the educational publishing unit, and "dramatically lower earnings for the UK" after the ending of the net book agreement.
Associated companies con-

tributed A\$351m, against A\$377m last time. News said Ansett, the Australian airline in which it holds 50 per cent, made a loss, although BSkyB, the UK-based satellite broadcaster in which it holds 40 per cent, saw improved profits.
Interest charges for the

group were largely static at A\$605m compared with A\$585m, but News was helped by a 24.4 per cent drop in its tax charge, to

News Corp Shareholders consider sale of SmarTone

In Hong Kong

Shareholders in SmarTone Mobile Communications, the smallest of Hong Kong's four mobile phone operators, are considering a flotation of the company, according to Sun Hung Kai Properties, which holds a 40 per cent staks. Discussions are at an early

stage, and it is unclear whether the sell-off will consist of old shares, nsw shares, or a mixture of both. Analysts reckon the company will he valued at around US\$570m, and will look to raise around HK\$1bn (US\$129.3m) by selling soms 25 per cent.

Analysts say market demand will be light if the sale simply becomes a matter of existing shareholders selling out. This would make the issue similar to that of AsiaSat, the astellite company which listed in Hong Kong in June after the three shareholders sold their shares. SmarTone is owned hy

Sun Hung Kai Properties, the Hong Kong property developer, AT&T Wireless Communications of the US: ABC Communications, the owns 30 per cent and the last its the way they have to."

two have 15 per cent each. Brokers are sceptical of a successful issus. SmarTone lost out in the recent round of new licence awards, and faces competition from the six new players as they start operating next year. More importantly, its existing system is approaching capacity, and last spring the company was temporarily forced to close its doors to new sub-

scribers. Cash raised hy SmarTone itself could be channelled into technology to increase capacity, or to develop China activities. Its capacity now stands at around 200,000 subscribers, and it has just over

Mr David Barden, telecoms analyst with J. P. Morgan in Hong Kong, said: "Valuations are going to be interalmost operating at capacity, so they will be asking peopls to invest in a company where you have a risk that you have to rely on the tech-

"Globally, there are few places where they are trying to pack as many peopls on as Hong Kong, and the means by which SmarTone Hong Kong-liated paging Hongkong Telecom are try-company; and China's ing to increase capacity is Ministry of Post and Tele-communications. AT&T one has had to push the lim-

Telkom agrees IBM, Itochu, Netscape Communications, Oracle, TCI Technology Ventures and US West Media Group have will attract millions of users. | IBM, Itochu, Netscape Communications, Oracle, TCI Cial Java applications, and no "killer applications" that were flat as the higher input costs took their toll. This

By Manuela Seragosa

Telkom, the Indonesian state-controlled communications company, has agreed to lower hy 4.4 per cent the guaranteed minimum annual revenues it receives from consortia installing and operating new lines in the country.

The minimum Telkom revennes - MTRs - were subject to a one-off readjustment, and most investors had been expecting the downward revision. The MTRs are expected to account for an estimated 26

per cent of Telkom's revenues in 1996. The consortia have agreed to pay Telkom an annual MTR of Rp1,895bn (\$595.3m), 4.4 per cent less than the Rpl,459bn flagged in Telkom's prospectus before its initial public offering in

October. Analysts say that figure is expected to appreciate annually by between 3 and 4 per

For 1996, however, the figure is slightly lower consortium licensed to

install and operate new linee in Kalimantan (Borneo).

Negotiations for the Kalimantan franchise were protracted by the dropping out of the lead company, Telekom Malaysia, and replacement

Under agreements signed with Telkom last year, international telecommunications companies including Australia's Telstra, France Telecom and Japan's NTT agreed to install 2m new phone lines in five regions of Indonesia and operate them for the next 15 years.

Analysts say the downward adjustment of the MTRs waa necesaary because the original agreements were rushed through to ensure Telkom was ready for its IPO. Telkom went public in London, New York and Indonesia.

Being the first tims that . . . agreements of this type have been implemented in Indonesia, negotiations took longer than we expected as we continue to Rp1,361hn compared with Telkom's earlier estimate of Rp1,215bn - to reflect the late start-up date of the tion, Telkom president directions.

DEELKRAAL GOLD MINING COMPANY LIMITED

Further cantionary announcement

Further to the cautionary announcement made on 13 March 1996, the company is able to report that consideration is being given to a first proposal on the possibility of some form of agreement with Elandsrand Gold Mining Company Limited, with the objective of exploiting any benefits which might be achieved through joint action.

Shareholders are advised to continue to exercise caution when dealing in any shares of the company

Johannesburg

A MINESER OF THE GOLD FIELDS GROUP

22 August 1996

NOTICE TO HOLDERS OF SHARE WARRANTS TO BEARER

CHANGE OF UK BEARER RECEPTION OFFICE Holders of share warrants to beerer of the compenies listed below are advised that with effect from the dates indicated the United Kingdom bearer reception office to which, inter alia, coupons should be submitted for payment etc. will change to:

The Royal Bank of Scotland Registrars Dept , First Floor 5-10 Great Tower Street London EC3R 5ER Tel: 0171 615 5750

Angle American Corporation of South Africa Limited Centenary Depositary AG De Beers Consolidated Mines Limited Durban Roodepoort Deep Limited East Rand Proprietary Mines United

27 August 1996 27 August 1996 7 October 1998 9 September 1996 2 September 1996 West Rand Consolidated Mines Limited 'I October 1996

19 Charterhouse Street ... London EC1N 6QP

Rand Mines Limited

23 August 1996

Effective Date

NOTICE OF MERGER to holders of

6%% Exchangeable Senior Subordinated Debentures Due 2005

of

FMC CORPORATION

NOTICE IS HEREBY GIVEN, pursuant to the terms of the 6%% Exchangeable Senior Subordinated Debentures Due 2005 of FMC Corporation (the "Debentures"), that, on July 31, 1996, each issued and outstanding share of common stock of FMC Gold Company was converted by merger (the "Merger") into the right to receive one common share (a "Meridian Share") of Meridian Gold Inc., a Canadian corporation, and US\$.02 (collectively, the "Merger Consideration").

As a result of the Merger and upon the exchange of any Debentures pursuant and subject to the terms thereof, Debentureholders will be entitled to receive the Merger Consideration for each US\$15.125 aggregate principal amount of Debentures exchanged (equivalent to an exchange rate of 330,579 Meridian Shares and US\$6.61 per US\$5,000 principal amount of Debentures).

August 23, 1996

FMC CORPORATION

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NEWS DIGEST

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Deutsche Bank takes long view

Mr Hilmar Kopper, chairman of Deutsche Bank, said yesterday it had no plans to increase its 5.21 per cent stake in rival Bayerische Vereinsbank, but did not rule this out. Asked in an interview with FTTV if the bank intended to increase the holding, he replied: "No, not at all." However, he added: "I don't know. I wouldn't talk about it." It would be a big mistake to say what the bank was going to do in an open market, he said. "The strategy is to sort of tell the outside world that there is a claim [staked]." Vereinsbank's shares fell 90 pfennigs, or 1.7 per cent, to DM50.70.

News of the holding by Germany's biggest bank last month unleashed speculation about possible bank mergers and takeovers in Germany. Mr Kopper said Deutsche Bank's staka in Vereinsbank was "throwing our hat into the ring". It meant "everyone knows don't mess around with them [Deutsche Bank?." Some analysts expect the bank to build up its stake. The combined stakes of Deutsche Bank, Viag, the industrial concern, and a Bavarian foundation, approach the 25 per cent level at which shareholder decisions can be blocked.

Mr Kopper said whether the stake would be enlarged, and whether it would be used as a strategic tool was a decision that might not be taken for five or more years. Andrew Fisher, Frankfurt

Hungarian hotel chain sale

APV, Hungary's privatisation agency, said yesterday it had awarded the country's last important state-owned hotel chain to Danubius Hotels, another local group, but that it would refer the planned sale to the competition office. It said Danubius, part of UK-based CP Holdings, had won a tender for an 85 per cent stake in Hungaria Hotels after bidding Ft8.125bn (\$54m) and agreeing to invest Ft2bn in the company's 14 hotels. It had also undertaken to float 50 per cent of the company within a year, to keep its name and to retain staff levels at 3,000 for

The competition office must approve the sale as the deal would give Danubius, which is quoted on the Budapest Stock Exchange, a two-thirds share in local four star hotels. Its offer has been backed by a loan from K&H Bank, a leading state-owned bank.

If the competition office blocks the deal, it is expected that City Hotels of Belgium will be awarded the chain. whose controversial privatisation was first planned in 1990. City, which owns hotels in Belgium, Holland and the US, offered Ft8bn but promised to invest a further Ft8bn Virginia Marsh, Budapest

Codelouf cuts Montedison stake

Codelouf, a Gibraltar-based holding company, has sharply reduced its 4 per cent shareholding in Montedison, the Italian agribusiness, chemicals and energy group.

Mootedison said Codelouf had reduced its stake to 0.12 per cent of the ordinary capital.

The move marks the end of a push by Codelouf, the investment vehicle of Italian financier Mr Luca Padulli, to force the break-up of Montedison. It also follows news this week that Merrill Lynch had cut its stake in Montedison to 2.17 per cent from 3.9 per cent, amid suggestions that the US investment house would sell more shares. Codelouf had become the second biggest shareholder in Montedison, after the 33 per cent owned by Compart, the company formed from the creditor banks rescuing the Ferruzzi businesses.

erruzzi businesses. In May, a leaked copy of a letter from Mr Padulli, on behalf of a consortium claiming to own 20 per cent of the group and proposing a break-up of Montedison, caused a 3.5 per cent rise in Montedison shares, but Montedison management forcefully rejected tha idea. Since then shares have fallen further and this week were trading Robert Graham, Rom

DFDS at half-year record

Increasing passenger numbers have helped Danish freight and ferry company DFDS to record half-year results. Pre-tax profits of DKr61.2m (\$10.7m) followed a loss of DKr24.8m in the comparable period last year, and was boosted by an 11.4 per cent increase in passengers on the company's Scandinavian Seaways division to 676,000, and the dropping of several poorly performing rontes out of Gothenburg.

Turnover for the period rose from DKr3.57bn to almost

DKr3.85bn. The company expects results to improve further with the addition of the strong third quarter, which includes the holiday season.

Activity in the shipping division was 6 per cent lower than expected as a result of the strong krone and subsequent falls in the level of exports to the UK. A stagnating German market also affected business in the road transport and distribution division, Bovine Spongiform Encephalopathy (BSE) cut exports of British meat and Swedish subsidiary Tor Lins saw a fall in export business of about 13 per cent.

Andrew Arnold, Copenhages

Lego plans third theme park Lego, known world wide for its brightly-coloured plastic building blocks, has given approval for its third family leisure park, in Carlsbad, southern California. At 100,000 square metres the park – tha first to ba built outside Europe - will be the same size as the two existing

Legoland parks, in Billund, Denmark, and Windsor, UK. and aims to attract nearly 2m people a year. The decision was taken after satisfactory progress at Windsor, which only opened at the end of May. The number of visitors to the park was "satisfactory". Lego said. The company has set a target for the UK site of

about 1.3m customers a year. America is Lego's second biggest market, after Germany. It will not release annual sales figures for fear of giving too much information to competitors. Carlsbad will open in the spring of 1999 and a fourth

park will follow in a location yet to be decided. The company has a plan to build a new Legoland every three Andrew Arnold

■ CORRECTION

Yesterday's report on Krupp's interim results stated thet the US group Caterpillar was in the final stages of acquiring Orenstein & Koppel. In fact Caterpillar will buy MaK, the Krupp subsidiary specialising in diesel engines.

COMPANIES AND FINANCE: EUROPE

Norske Skog bucks trend but warns

By Greg McIvor in Stockholm

Norske Skog, Norway's largest pulp and paper group, yesterday bucked the trend of falling profits among Scandinavia's big forestry companies by reporting a 22 per cent jump in first-half earnings. Pre-tex profits rose from

NKr857m to NKr1.04bn (\$162m), aided chiefly hy healthy income from sales of result in the second half-newsprint, a late mover in the pulp and paper husiness also expressed ceutioo over cycle. The results were bol-stered by the NKr2bn acquisition last year of Bruck, one

of Austria's higgest paper Europe suggested the rise will reach equilibrium," be its in the paper division rose producers.

Howevar, the company warned that second-half earnings would be hit hy falling newsprint prices in Europe and a further weak-ening of prices for uncoated magazine paper (SC). The sober assessment left its "A" shares unchanged at NKr194.

"We helieve that the changed market conditions will contribute to a weaker recent higher orders for pulp and fine paper. The slockness of economic activity in

inventory building, rather price falls of up to 15 per than real consumption cent once current negotiagrowth.

Group sales advanced

from NKr5.9hn to NKr6.7bn and earnings per share rose from NKrt9.14 to NKr23.30. Mr Hakan Ostliog, pulp and paper analyst at Gold-

man Sachs in London, expected newsprint price falis would influence the company's shares. "There is n clear risk that [investor] sentimeot won't be all that helpful to Norske Skog in the short term because of concern over when newsprint

tions are concluded, while others, such as Mr Ostling, expect a 5-10 per cent decline. Newsprint is easily Norske Skog's most profit-

for more than half of sales. The company said profits were boosted by the addition of Bruck, which was largely the cause of an S.6 per cent rise in operating costs. However. Bruck's margins in coated magazine papers (LWC) eroded owing to pricing pressure. Operating prof-

was partly attributable to said. Some analysts predict from NKr540m to NKr1.3bn. Norske Skug said the improvement in overall profits came from higher sales of printing paper and SC, which more than offset a weaker trend in LWC, pulp and bullding materials. able segment and accounts Prices of newsprint and SC, now heading downwards, held firm in spite of reduced

demand. The group was optimistic that the LWC market had stabilised but was more cautious on pulp, saying only that prices "might show slight improvement" in the

Den Danske Bank flat but expects rise for year

By Andrew Arnold

Den Danske Bank reported pre-tax profits nearly 4 per cent lower at DKr2.35bn (\$410m) for the first six months of the year. However, group earnings, lneiuding contributions from its Danies life insurance subsidiary, rose almost 2.5 per cent to DKr5.2bn.

Den Dnoske, Denmark's largest banking group, sald profits in the second half would be slightly tower again, but earnings for the full 12 months would be "somewhat higher" than the 1995 total.

Last year's result had been infinted by the DKr5.7bn contribution from the sale of its holdings in Baltica insurance to general insurance provider Trygg. A reduction in valuation gains on securities from last year's DKr1.28hn to DKr588m also reflected last year's DKr500m gain from

the bank's share in Raltica. The group has been going through a readjustment since last May's disposal, in which Danica was retained as part of the deal. Danica produced profits of DKr322m so far this year. after a DKr27tm loss for the whole of 1995,

The DKr7bn spent on the life insurance company would have been spent in accounts for part of the DKr352m fail in net interest income to DKr3.59hn. according to Mr Knnd Soerenscn, Dco Danske Bank chief executive. "Taking that into account, our net interest and commissions would have been about

even for the period." Mr Soerensen said business volumes were blgber and also blamed narrower interest margins for reducing net income. Deposits rose by DKr18bn to DKr178bn, mostly from foreign units, and bome mar-ket sbare rose slightly to

Loans and advances were DKr210bn, giving tt a 33 per cent sbare of the market. Danske Kredit, the bank's mortgage finance subsidiary, accounted for DKr11bn

DKr341m.

NOTICE TO THE HOLDERS OF

KTAS

Kjøbenhavns Telefon Aktieselskab

FRF 500,000,000 Retractable Bonds due 2001

Notice is hereby given that pursuant to clause (b) of paragraph

Interest of the Terms and Conditions of the Bonds, the Bonds

shall bear interest for the five-year period commencing Sep-

Notice is further given that pursuant to paragraph Prepay

ment at the option of the Bondholder, the holder of any of

the above Bonds will have the option to have such Bonds

redeemed by KTAS at par on September 24, 1996 (the

To exercise such option, the holder must surrender such

Bonds to be redeemed (together with all coupons apper-

taining thereto which mature after such Interast Option Date! to the Fiscal Agent or the Paying Agents, at the ad-

dresses mentioned on the Bonds, against issuance by any

paying bank to which the Bond has been surrendered, of a

receipt, not more than 30 not less than

15 days prior to the interest

Luxembourg, August 23.

tember 24, 1996 at a rate of 0% (zero) per annum.

(Copenhagen Telephone Company, Incorporate

Acquisitions and currencies benefit BASF

By Jenny Luesby

BASF. tha Garman chemicals group, yesterday reported a 3.5 per cent increase in underlying prof-Its in the first half as a result of currency gains and acquisitions.

exceptionals were up by DM100m at DM2.93hn (\$1.96bn), due to favourable currency movements that generated additional earnings of DM300m.

Unlike its main German rivals, Bayer and Hoechst, BASF spelt out its quarterly exceptional charges, giving a far clearer picture of the group'a operational perfor-

With exceptionals included, pre-tax profits rose by 14.7 per cent to DM2.32bn. However, most of this increase was due to a decline

DM606m in the first half of this year covered the integration of the recently acquired Zeneca dyestuffs business, a restructuring of the coatings and paints business, and an asset write-down in Brazil.

Last year'e deductions Pre-tax profits excluding were much higher, at exceptionals were up by DM80im, mostly as a result of the acquisition of the UK drugs business, Boots.
Mr Max Dietrich Kley,

chief financial officer, said Boots bad contributed to BASF's earnings in the first half, as well as lifting group

despite a 2.3 per cent fall in prices, and static sales volumes for the group's continuing businesses

result of the Boots acquisiin exceptional charges.

tion, while sales in the Earnings from chemicals than its competitors and the Exceptional deductions of chemicals and plastics and remained above the group large scale of its sites was



Jürgen Strobe: BASF performance "gratifyingly stable"

sales by 1.3 per cent.

Overall, sales rose by just fibres businesses fell by 13 average, he said, with chemiunder 1 per cent, to DM24bn, per cent.

cals accounting for 15 per Mr Jurgen Strube, chair-

man, said this represented a "gratifyingly stable" performance in light of the weak Health and nutrition sales prices and demand faced in rose by 37 per ceot, as a the first six months of the year.

cent of group sales in the first half, but 32 per ceot of operating income.

This strength reflected the benefits of integration. The group was less vulnerable to raw material price swings

saving an estimated DM1bn a year in energy and logis-tics costs, he said. BASF planned to invest

more than DM2bn in its chemicals operations over the next four years, said Mr Strube. He said the group expected

sales and earnings to be

Lower steel prices hit Avesta and SSAB

By Hugh Carnegy

Falling steel prices punched a hole in profits at Sweden's two blg steel producers, Avesta Sheffield, the group, majority-owned by British Steel, and SSAB, the former state-owned manufacturer. Avesta, reporting figures

for April-June, the first quarter of its financial year, said pre-tax profits crashed from SKrl.2bn in the period last year to SKr228m (\$34m). Group sales also fell by 25 from SKr10bn to SKr9.4bn. remain at a "very low level" to close at SKr66, per cent from SKr6.1bn to Both companies warned of in the current quarter. SSAB, privatises but prices fell sharply. SSAB, which posted record

profits in 1995, suffered a 35 per cent reverse in pre-tax earnings in the first half of the year from SKr2.29bn to SKr1.49bn. It said SKr600m of the fall was attributable to lower margins in its steel operations, compounded by SKr250m caused by the effects of a strengthening of the Swedish krona. Sales fell

tive, said European prices for cold rolled stainless steel one of its main products, had fallen 45 per cent below peak levels in mid-1995 and had deteriorated further in July. He said Avesta had aince set price increases of up to 11 per cent for September

prices remained under downward pressure and that fullyear profits were likely to be around half of last year's SKr3.8bn. In splte of the poor figures,

both Avesta and SSAB shares improved slightly as investors had heen braced deliveries in response to for bad news. SSAB ended the day up SKr1 at SKr84, tightening demand - but said profitability would while Avesta rose SKr0.50

SSAB, privatised in 1992, about 29 per cent. SKr4.6bn as demand beid up more pain to come. Mr Per Mr Leif Gustavsson, chief said it was responding to the steel ecocomy" by deepening its investment in its two main niche products. high-strength sheet steel and invest SKr3bn in these areas over the next three years. Avesta said its fall in prof-

its had also been affected by commissioning costs at its plants at Avesta, in Sweden, and Baltimore in the US.

of the increase.

The impact of security valuations and a loss in interest income was softened by hefty 48 per cent reduction in loss provisions to

despite advance

By Greg Mctvor

Skanska, Sweden's biggest construction group, shrugged off continued weakness in the European and domestic hullding market to post a 57.6 per cent

increase in first-half profits. Pre-tax profits increased from SKrl.5bn to SKr2.4bn, boosted by a capital gain of SKr1.76bn from share sales in non-core activities. But the improvement in underlying performance was more est. Operating earnings, excluding a one-off write-off, rose from SKrl.7hn to SKrl.8bn, on sales ahead 21 per cent at SKr22.9bn.

Mr Malker Schorling, Skanska chief executive, held out little hope of a strong upturn in the construction market. He said the building industry in Sweden was showing signs of a further weakening, while no significant growth in public works investment was

expected in Europe. However, he said ha believed strong demand in tha US market would be sustained. He forecast that gains from share and propsrty disposals, as well as acquisitions in the first stx months, would belp lift fullyear profits above SKr3bn.

against SKr2.6bn in 1995. The group's sbares rose SKr5 to SKr252 on the results, slightly outperforming a 1.5 per cent increase to

Stockholm construction stocks yesterday. Skanska, leader of a conaortium which last year aecured contracts worth DKr5.3bn (\$925m) for the first rail and road link between Sweden and Denmark, said efficiencies in its main Swedish construction division balped margins. Operating profits at the unit

SKr259m on sales up from SKr8.5hn to SKr8.9hn. Operating income after depreciation fell from SKrI.7hn to SKr696m because of a write-off of SKrl.1hn in the value of trademarks related to the acquisition of Skane-Gripen, a Swedish building materials

advanced from SKr238m to

The Skane-Gripen write-off - and the stronger krone meant Skanska's industrial business area suffered a SKr729m operating loss. against a SKr184m profit last time.

Operating profits from international construction alipped from SKr161m to SKrI44m in spite of turnover up 2 per cent to SKr7.4bn.

Skanska downbeat Swedbank sharply ahead at halfway

By Hugh Carnegy

yesterday Swedbank reported a 46 per cent increase in profits in the first half, the third of Sweden's four top hanks to report a strong improvement in performance in the period despite tough competition

within the sector. Swedbank, known as Sparbanken in its home market, said operating profits advanced from SKr1.7bn at the same stage last year to SKr2.5bn (\$379mi, Net earnings per share rose from SKr5.31 to SKr6.57.

The result followed a surge in earnings at Skan-dinaviska Enskilda Banken which was hit by heavy loan losses a year ago - and an 18 per cent rise at Nordbankeo. Svenska Handelsbanken is due to publish its first-half figures next week. Swedbank sbares rose

SKr1.00 on the news to close at SKr85 and the banking index on the Stockholm hourse rose almost 1 per ceot, taking its rise over the past month close to 7 per ceot.

The improvement at all three banks was underpinned by falling provisions for loan losses - or, in the case of Nordbanken, by a write- nificant fall in interest rates.

Swedbank said its loan losses had fallen from SKr1.35hn in the first six months of 1995 to SKr905m as it shed more of the lingering effects of the credit loss crisis that bit the banks in

the early 1990s. Total operating revenue rose 6 per cent to SKr7.83bn. boosted by an increase in SKr902m to SKr1.3hn, Net financial returns also rose sbarply, from SKr264m to

Net interest income shrank from SKr5.2hn to SKr5bn, reflecting continued tough conditions in Swe-den's long depressed lending markets.

But Mr Reinhold Geijer,

chief executive, said net interest income bad increased 11 per cent in the second quarter over the first quarter, partly because of improved earnings at Spintab, Swedbank's big mortgage bank.

Spintah's lending rose SKr7.4bn in the first half to SKr244bn, with most growth coming from the private bousing market. The banks will be boping the trend heralda a prolonged upturn in loan demand following a sig-



Morgan Guaranty Trust Company of New York PTE 8,000,000,000

Floating rate notes

Kredietbank Lummbourg

due August 2006 The rate of interest for the 21 February 199" has been set at 7.35% per annum nterest payable value 21 February 1997 will amount to PTE 74L041.10 per PTE 20,000,000 note.

Agent: Morgan Guaranty Trust Company **JPMorgan**

Notice to helders of The Lebanese Republic TIS \$400,000,000 9.125% Bonda due 2000

1212f Number 2200600000077 Common Code 000000077 Notice in hereby gives that the respons of the securities representing the second transhe of the above issue fisme data Size Hay, 1996 nominal amount of US \$200,000,000 here been incorrectly numbered from I to 4 instead of 2 to 5 to statch the autostoffing coverage of the to make the outstanding exspons of the securities of the first trunche dense date 28th July, 1985 nominal amount of OS 2000,000,000 with which they are immighte. The securities of the second trunche will not the second trunche will not the second trunche will not the second trunches the second trunches the second trunches will not the second trunches the second trunch

BANQUE PARIBAS Fiscal and Principal Paying Agent.

Strong krona sees Aga profits fall by 14%

By Greg McIvor in Stockholm

The strength of the krona and weak economic activity in Europe and Latin America were blamed by Aga, the Swedish industrial gas group, for a 14 per cent drop in underlying profits. It said full-year beadline earnings would be about 10 per cent

lower than last year. Pre-tax profits in the first half rose from SKr1.7bm to SKr2.76bm (3418m), but included a SKr1.8bn capital gain. Excluding the one-off item, income after financial items was SKr964m, against SKr1.1bn a year ago.

Adversa currency swings were duce improvements later this year. responsible for half the 18 per cent fall in operating income from SKribn to SKr220m, Aga said. Other negative influences were aoft demand in key markets and a substantial devaluation in Venezuela.

Mr Marcus Storch, Aga chief exec-utive, attributed the slimmer earnings to a disappointing second quarter with reduced demand for cylinder gases, increased price pres-sure and higher depreciation costs. However, he said rising sales of gases for new applications and Aga's ny's commitment to its investment geographical expansion would pro- programme, which envisages more

"I expect the margin to rise in the coming quarters, among other things through improved product supply and the impact of the current rationalisation programme," he said. The first-half figures met expectations but Aga's shares fell SKr2.50 to

Sales fell from SKr6.8hn to SKr6.4bn, or 5 per cent. Adjusted for exchange rate fluctuations, turnover rose 3 per cent, Aga said. Mr Storch realfirmed the compa-

than 20 per cent of annual sales being spent on new plants in the next few years. He indicated the plan would be mostly financed from Aga'a own funds.

The company said sales of liquid air gases and medical gases developed well, while sales of cylinder gases to manufacturing industry suffered from the economic slowdown.

Aga's determination to focus on core operations resulted in the disposal of its shares in Gullspangs Kraft, a regional power supplier, for SKr3.1bn. The sale yielded a SKr1.8bn capital gain.

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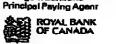
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Floating Rate Notes Due August 1998 in accordance with the terms and conditions of the Notes, the interest rate for the period 27th August, 1996 to 26th November, 1996 has been fixed at 5.74219% per ennum. The interest payable on 26th November, 1998 will be US.\$14.514988 per US.\$1,000 nominal.

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LLOYDS TSB GROUP plc

(formerly called TSB Group pic)

Notice

the holders of the £100,000,000 12 per cent. Subordinated Bonds 2011 Lloyds TSB Group plc

NOTICE OF RESULT OF MEETING OF BONDHOLDERS

Notice is hereby given that:-

- (i) at the meeting of the holders of the £100,000,000 10% per cent. Subordinated Loan Stock 2008 of Lloyds TSO Group plc (the "Issuer") convened by the Issuer and held on Thursday, 15 August 1996, both of the resolutions proposed as Extraordinary Resolutions were voted upon but not passed by the required majority of the holders of such Stock;
- (ii) at the meeting of the holders of the above Bonds (the "Bondholders") convened by the Issuer and held on Thursday, 15 August 1996, neither the preferred Extraordinary Resolution nor the alternative Extraordinary Resolution set out in the Notice to Bondholders published in the Financial Times on 24 July 1996 was put to such meeting as neither Extraordinary Resolution was capable of becoming effective; and
- (iii) accordingly, the proposals relating to the above Bonds contained in the Explanatory Letter dated 23 July 1996 addressed by the Issuer to (inter alics) the Bondholders are incapable of being implemented and have lapsed.

Bondholders are reminded that this means that the Additional Payment (as such term is defined in the Explanatory Letter referred to above) of £1.00 per £1,000 principal amount of Bonds will not be payable.

Dated: 23 August 1996

Issued by: Lloyds TSB Group pic Registered office: Henry Duncan House 120 George Street Edinburgh EH2 41.H

The Financial Times plans to publish a Survey on

Mexico

on Monday, September 23.

The survey will look at the country's economy, politics, financial markets, foreign policy and more.

For more information on advertising opportunities in this survey, please contact; Michael Geach in

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COMPANIES AND FINANCE: UK

Bass set for Carlsberg-Tetley deal

By Christopher Price

Bass was night close to agreeing to pay £200m (\$312m) for Allied Domecq's share of Carlsberg-Tetley, the joint venture owned by Allied and Carlsberg, the

Danish drinks group.

The Danish company would then put its half-share into Bass's brewing division. Department of Trade and together with £20m, in return for a 20 per cent stake and Mergers Commission. in the business.

make what the company sees as unsatisfactory demands on it - such as the disposal of pubs - as a result

of the merger.
One of the main stumbling blocks in the talks has been the threat that the deal could be referred by the Industry to the Monopolies

tish & Newcastle following its purchase of Courage.

the business.

Bass and Carlsberg-Tetley the DTI forced S&N to sell CarlsbergTetley made through the published bass has insisted on an are number two and three in 115 pubs and release 1.000 profits of £52m last year, all help turn its rival round.

should the UK government about 23 per cent 15 per cent ply agreements. respectively. A straight merger would make Bass the UK's biggest brewer, out-

> Courage deal last year to when any OFT's require-escaped a referral, although ments are announced. the DTI forced S&N to sell

any conditions imposed by the DTI, Carlsberg would stripping the 28 per cent buy Allied Domeco's share of market share held by Scot- Carlsberg Tetley for £110m. while Allied Domecq would repay Bass £30m. Bass would should the contracts be Bass, Allied and Carlsberg also be entitled to 50 per are likely to draw comfort cent of Carlsberg-Tetley proffrom the fact that the S&N- its from the date of the deal

CarlsbergTetley made

escape clause from the deal the UK beer market, with tied bouses from their supments with Allied Domecq's If Bass is unhappy with pubs. The contracts were struck at a time when the beer industry was not so beset by overcapacity. Analysts believe Carlsberg Tetley would barely be profitable struck at today's more com-

Bass is the UK's most profitable brewer and believes the synergies it can achieve through the purchase will

H&C sells last palm oil interest

Harrisons & Crosfield yesterday announced its isparture from the tropical plantation industry with the disposal of its remaining stake in New Britain Palm

The \$65.5m cash sale of Harrisons' 54 per cent holding to the Papua New Guinea government leaves the conglomerate focused on its industrial business-

In 1995, plantations represented 4 per cent of group

The tropical plantation industry was the mainstay of Harrisons & Crosfield's prosperity for almost 90

NBPO, set up in West Britain province in 1967, comprises about 15,000 hect ares of palm oil plantations and there is also a small coffee estate.

It produces more than 125,000 tonnes of crude palm oil annually. Mr Bill Turcan, chief executive, said the sale proceeds

would be placed on deposit or used to reduce debt. On the basis of the sale being completed in October. there would be no material impact on earnings this

year. The shares advanced 3p to

Weir points to DML for decline to £19m

about break-even.

they were £20.2m.

The decline, exacerbated

tracts, contributed to

months to June 28. Last time

£314m (£298.4m), were also

hampered by a weak perfor-mance at the lossmaking

The results, on sales of

By Tim Burt

Weir Group, the engineering manufacturer and services company, yesterday blamed a 4.8 per cent fall in first-half profits on disappointing con-tributions from its materials handling operations and Devenport Dockyard joint venture.

The company said its share of profits from DML, which runs the Plymonth yard, had fallen by £2m following disruption caused by eafety modifications at the submarine docks. Weir did not publish its profits from

Strachan & Henshaw materials handling business. Sir Ron Garrick, chief executive, said the deficit at the subsidiary had increased

suggested that they were at incurred on site services for gas-fired power stations.
"We've withdrawn from by delays to payments on Ministry of Defence conrebuilding profits." be said. Group operating profits were unchanged at £18.3m, while profits from associates reduced pre-tax profits of £19.2m (\$30m) in the six

were £1.95m (£2.65m). Although the group did not break out its divisional figures, it said its pump companies had shown e modest improvement in both turnover and profit margins.

Bolt-on acquisitions, meanwhile, helped lift profits and sales in the valve-manufacturing operations. DML, but industry analysts by £1.5m following costs · Sir Ron hinted at further



Ron Garrick: rebnilding profits at Strachan

acquisitions in this area and suggested that Weir could invest up to £65m without straining its balance sheet.

TT Sheraton out of Forte bids

folio."

By Scheherazade

RESULTS

ITT Sheraton, the international hotel chain, has ruled itself out of the auction of 17 Exclusive Forte hotels by Granada Group, the TV and leisure concern.

The company, which had initially expressed an interest, said yesterday it had not made any bids.

£930m (\$1.45bn) by Christie, the property surveyors, at the end of last year.

blind bid to qualify for financial information and take part in the auction.
It is believed that FTT was put off by the blind bid ele-

The chain was valued at executive of Granada, which ettracted lees interest. acquired Forte, the UK's January after a £3.9bn bos-Prospective purchasers tile bid, said yesterday: were required to submit a blind bid to qualify for finan-vidual botels, in groups of hotels and in the whole port-

Granada had received some good offers for individ ual Mr Charles Allen, chief botels, although others had

"Granada's dilemma will be largest botels company, in whether to opt for higher prices for some botels or to sell the whole lot but probably for not very much more than £800m."

Some bidders - about 40 are still in the race - bave One analyst said that their sights on Forte's 68 per cent bolding in the Savoy group, which Granada ie

									- Dividends		
	Torse	mr (Ess)		s-tax St (fins)		5 (p)	Dayment (ti)	Date of payment	Corresponding dividend	Total for year	Total last
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Coldentities 6 mine to July 27	28.1	(24.8)	0.054	(0.4891)	0.15	(1.49L)	2.4	Dec 16	1.2	•	4.5
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bricks	184.4	(165.4)	2.79	(2.36)	7.8	(8.3)	2.75	Nov B	2.5	-	6.25
entaki S mins to June 30	B42	(400.9)	134.5	(39.2)	7.87	(6.51)	1.48	Nov 7	1.23	-	4.2
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fair 5 mins to June 28	314	(298.4)	19.2	(20.2.)	S.B	(7.3)	2.31	Nov 6	2.2		7.5
OE and of artis to June 30	44.9	(37.9)	5.22	(4.86)	14.45	(13.47)	4.5	Nov 14	4	•	11.8
				testable	_		Corrent	Date of	Consuponding	Total for	Total last
investment Trusts	- NA	(4)	(SECOND	gra (20m)		(c)	behavior (b)	payment	Chrident	- Year	your .
Central Euro \$ 6 mths to June 30	115.8	(74.5)	1.41L	(0.663)	0.57L	(0.31)				-	1a.0
Terming Enterprise Yr to June 30	279.2	(236)	3.16	(2.19)	7.89	(5.47)	4.85#	Det 7	3.65	5.44	5.1
bridge St Lawrence Yr to Aug 31	-	(·)		[- }		(-)	3.12	Nov 29	3.12	8.24	6.24

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HOLDERS OF SEARCH DEPOSITARY MICEPTS (BLORN) wishing to chief the Bridged street present Coupon No.67 at the Discoup of may of the following > Hill Bussel Bark Lieber. 46 Chismal Street, London, SCTY 4GA (Where lodgement forms are susinitie).

The Bank of Tolgo-Albachiels (John C. The Bark of Talgo-Albabbabi Lindari, Names der Alla St., Sto T. 1930, Brossen, Galguez,

i St. Samuel Bank Limited, 48 Chimsell Street, London, GCTY 4GR

THIS NOTICE IS IMPORTANT AND REQUIRES THE IMMEDIATE ATTENTION OF HOLDERS OF BONDS. IF HOLDERS ARE IN ANY DOUBT AS TO THE ACTION THEY SHOULD TAKE, THEY SHOULD CONSULT THEIR FINANCIAL ADVISER, STOCKBROKER, LAWYER, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER AUTHORISED UNDER THE FINANCIAL SERVICES ACT 1986, WITHOUT DELAY.

NATIONAL POWER PLC

£250,000,000

6% per cent. Convertible Subordinated Bonds due 2008 (the Bonds)

REQUIRED REDEMPTION NOTICE

PEQUIRED REDEMPTION NOTICE

National Power PLC (the "issuer") hereby phres notice to holders of the Bonds (the "Bondholders") in bearer form (the "Bearer Bonds") and in registered form (the "Registered Bonds") that the Issuer will on 23rd September, 1996 (the "Required Redemption Date") receem all of the Bonds then outstanding in accordance with Condition 8(c) of the Conditions of the Bonds. The condition precedent to the right of the Issuer so to redeem the Bonds, as contained in Condition 8(c), has been satisfied. Each Bond will be redeemed by the Issuer at a price equal to 100 per cent. of the principal amount of such Bond. Interest on Bonds so redeemed will accrue up to (but excluding) the Required Redemption Date.

The Bonds will no longer be outstanding after the Required Redemption Date. The redemption amount (together with accrued interest on the Bonds) will become due and payable upon each Bond on the Required Redemption Date. Bearer Bonds and Coupons will become void unless presented for payment within periods of 10 years and five years, respectively from the Relevant Date (as defined in Condition till of the Conditions of the Bonds) and thereafter no claim may be made in respect thereof. Claims against the Issuer for the payment of principal and interest in respect of the Registered Bonds shall be prescribed unless made within 10 years (in the case of principal) and five years (in the case of interest) from the Relevant Date.

CONVERSION RIGHT

Bendholders are reminded that the redemption contamplated by this Required Redemption Notice shall not apply to any Bond in respect of which the applicable Conversion Right is exanded by the relevant Bondholder in eccardance with Condition 7(a) of the Conditions of the Bonds. Bonds may be converted at the principal amount thereof into fully paid ordinary shares of 50 pance each of the Issuer (the "Shares") at the Conversion Price.

The Conversion Price was adjusted on 20th August, 1996 to 379 pance per Share on payment of a Special Dividend of 21 (net) per Share to holders of Shares on the register on 23rd July, 1996.

Dividend of Et (not) per Share to holders of Shares on the register on 23rd July, 1996. Bondholders are also reminded that in accordance with Condition 7(a) of the Conditions of the Bonds their Conversion Rights shall terminate at the close of business on 16th September, 1996. Prior to such time Bondholders may exercise their Conversion Rights by delivering to the specified office of any Paying and Conversion Agent lead below (in the case of Bearer Bonds) and the specified office of the Registeral Island below (in the case of Registered Bonds) during its usual business hours the Bonds (which in the case of Bearer Bonds should be delivered together with all unmettered Coupons appertaining thereto) accompanied by a duly completed and signed notice of conversion (forms of such convension notices are obtainable from the specified office of any of the Paying and Conversion Agents and the Registrar) in accordance with Condition 7(c) of the Conditions of the Bonds and otherwise complying with the Conditions of the Bonds.

Practions of Stanes will not be issued on conversion and no cash adjustment will be made. However, if the Conversion Right in respect of more than one Bond is exercised at any one time such that the Shares to be issued on conversion are to be registered in the same name, the number of Shares to be issued in respect thereof will be calculated on the basis of the aggregate principal amount of the Bonds being so converted.

The closing mid-market price of the Sheres on 19th August, 1996, as derived from the Daily Official List of the London Stock Exchange Limited, was 411 pence per Share (the "Closing Price"). However, such Closing Price is subject to change. SPORTANT

The value of the Shares into which each £1,000 principal amount of Bonds is convertible following the exercise of Conversion Rights in respect of the Bonds and based on the Closing Price of 411 pance per Share on 19th August, 1996 is £1,000.93.

The redemption amount of the relevant Boads (including interest psyable on the Bonds) following a Required Redemption of the Bonds for each 21,000 principal amount of Bonds is £1,031.25.

Bondholders who wish to accept redemption of the relevant Bonds (together with Interest payable on the Bonds) be surrendered together with all unreathed coupons appertaining thereto) for payment in accordance with all unreathed Coupons appertaining thereto) for payment in accordance with (in the case of Bearer Bonds should Condition 9 of the Conditions of the Bonds, at the specified office of any Paying and Conversion Agent listed below (in the case of Bearer Bonds) and the specified office of the Registeral issed below (in the case of Registered Bonds) on the Regulated Redemption Date. Holders of Registered Bonds should note that the register recording September, 1996 and will remain closed thereafter.

PRINCIPAL PAYING AND CONVERSION AGENT AND REGISTRAR The Chase Manhattan Bank Woolgste House, Coleman Street, London EC2P 2HD

PAYING AND CONVERSION AGENT

Chase Manhattan Bank Luxembourg S.A. 5 Rue Piertis, L-2338 Luxembourg-Grund, Luxemb

Issued by: The Chase Manhattan Bank a member of SFA and MERO, on behalf of National Power PLC

Date: 23rd August, 1996

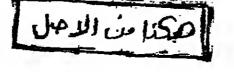
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RECRUITMENT

Richard Donkin on the search for fulfilment in the workplace

A good working example

here was a time when a tion of business approaches such job was assessed by a as total quality management. potential employee for its prospects. It was considered the medium through which we might fulfil our life's ambition. That may still be the case for some people but there is a new body of evidence that suggests otherwise: that the job is considered by many as primarily a means of ohtaining income and not much more than that Work is undertaken out of necessity.

This rather depressing picture of attitudes to work is one of the more disturbing conclusions of a report called Working Lives in the 1990s which examined the views of 1,000 UK people between October 1994 and February 1995. The research was collated by Alan Hudson, Dennis Hayes and

Toby Andrew of Global Futures. a research institute established to study the impact of demographic and economic change on people's ettitudes to work. At first glance the findings do not appear to be too surprising, given the transformations that are being effected by the introduc-

Trade unions, it found, have become marginal to workplace life, even though most working people have become resigned to an insecure future. Less than half of those surveyed were members of a union and among the under 25s the proportion of union membership was down to a quar-

Rather than look to their union representative as a solution to workplace problems, peopla were three times more likely to approach their managers.

Employees have become more responsible in the workplace. accepting the need to cover for absent colleagues without complaint. The so-called "empowered" workplace appears to have become a reality. Two-thirds of those questioned said they were increasingly involved in decisionmaking while 85 per cent said thay felt personally responsible all the time for the work they do. What is perhaps most dispiriting about the study's findings, however, is the feeling of help-

lessness among many people in their work environment. In spite of their more co-operative behaviour they are finding it more difficult to see the road to personal fulfilment in their existing jobs. The authors say: "Quite often we encountered a sullen and inwardlooking pragmatism, and perhaps cynicism, even about mere survival. At the same time there was also a sense of possibil-

In other words people are just as ambitious as they ever were, but cannot find a way of fulfilling their aims at work.

ity and adventure that contra-

dicted the spirit of low expecta-

Perhaps, then, people are turning to other outlets, such as lefsure and spare-time pursuits in which to invest their greatest endeavours and creativity. Certainly the study found an overwhelming preoccupation with training and education. This may explain the rise in the popularity of the working or learning holi-

Last week I found myself with

environmental research in Mada gascar. The project was partly looking at lemur conservation among the island communities in north-west Madagascar and partly examining the potential of tourism for the local

The people in the group had invested their annual holiday savings in their two-week contrihution to the project, run by Earthwatch, a charity dedicated to supporting various scientific studies worldwide. They studied the behaviours and patterns of different groups of black lemurs and they interviewed tourists about their spending habits and

Not only was the group's multicultural make-np e stimulating experience, each one of the party said they had learned things that they could apply in their future studies or jobs.

Many, it seemed clear, were finding inspiration from the study that they did not always find in their normal working lives. If the findings of the Global a group of people carrying out Futures Report reflect an accuSalaries bonuses and car allowances in City of London finance

		Base salery		Average	salary	Car	provision	eliawence
Position	Coner	Median quartile £	Chartile	Salary	Bonus %	With Car	Vatur	Annual allowance £
Corporate finance head	106,500	120,000	160,500	130,762	65.4	100	24,339	8.422
Capitel markets head	132,500	147,500	181,250	153,333	51.5	100	22,000	9.210
Bond sales head	90,000	105,250	116,250	103,536	B3.0	70	18,619	7,483
Fund management director	102,750	125,000	148,250	125,646	31.3	100	24,000	8,465
Future & cottons head	82,510	100,000	155,000	115,544	91.2	100	19,918	7,732
Eurobond trading head	93,750	125,000	146,000	122,323	39.4	75	20.075	7.723
Southy tracking head	88,000	120,000	135,000	119,333	62,4	67	tra	8.300
Private banking head	72,500	100,000	110,000	97,209	27.1	67	16.669	7.428
_Tract of research	79,375	98,000	142,000	106,695	69.0	100	23 292	7.258
Financial director	70.000	82,000	92,000	95,463	47.2	87	24,219	6.048
Chief FX degler	67,750	90,500	117,250	94,369	17.7	81	19,900	6,609
Legal services head	66,000	72,800	80,750	76,643	31.5	94	21,201	6,759
Paragraph director	74,250	80,500	91,500	82,103	59.4	100	26,300	7.750
Money market head	57,500	70,000	80,000	71,530	37.1	89	t8,635	5.864
DP director	57,000	89,000	75,000	67,910	33.9	100	20,198	6,007
Credit manager	38,500	44,500	49,500	44,769	9.7	69	19,063	5.487
Customer services head	27,500	55,000	33,500	31,370	8.2	43	15,667	5,405

rate picture of workplace atti- their employees in innovation To tudes today they present an important challenge for employers. How is it that a charity can attract people to invest their vacations and substantial fees in a working programme abroad, when most people go to their just published quarterly data on everyday jobs, chiefly to collect City salaries (see table), says it the salary obeque at the end of

the mooth? If employers could harness only a fraction of that enthusasm and commitment they could reap much greater benefits from

do so they must give people back their job prospects, restore their ambitions. But in how many workplaces today can we find such an accenda?

 Monks Partnership, which has has noticed increasing bonus payments to traders and sales people in bonds and staff in foreign exchange trading, money market trading and corporate House, Wendens Ambo, Saffron Walden, Essex CB11 4JX, Tel 01799 542222 Fax 01799 541805.

Working Lives in the 1990s The Provisional Findings of the Attitudes to Work Survey. Alan Had son, Dennis Hages and Toby Andrew. Global Futures, I Wellington Mansions, Shacklew ell Lane, London Nie TP. E15.99 for institutions, 19,00 for individu



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sament of portfolios under potential market scenarios or proposed credit enhancement arrangements

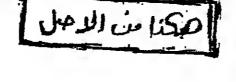
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Senior Internal Auditor

Our Profile

May Mary

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Europe buoyed by German rate cut |Further flurry of issues

By Samer Iskandar and Susanna Vovle

European and US bond tion of the 1997 budget. markets moved in opposite directioos yesterday. German and other cootineotal European markets were cash market the 10-year buoyed by the Bundesbank's spread over bunds fell by 10 aurorise decision to cut its repo rate by 30 basis points to 3 per cent. Although some participants were expecting a cut, few bad predicted more than 15 basis points.

GOVERNMENT **BONDS**

The cut was followed by similar moves to France. Belgium and the Netherlands, reduced pressures in the currency markets, and was generally seen es strengthening the process of coovergeoce ahead of European monetary union.

In the US. Treasuriee drifted lower in early trading following further signs of stronger economic activity.

■ Southern Europe's high yielding markets outperthe others, with Spanish bonds the strongest. The September booo future closed at 101.21. up 1.03. ln the cash market, the 10-year vield spread over bunds tightened by 12 basis points to 249 points.

Hopes of a cut in the Spanish repo rate were raised but

analysts said the central bank might want to link such a move to the presenta-

Italy also rallied. Liffe's September BTP future settled at 116.22, up 0.94. In the basis points to 316 points.

Mr Kirit Shah, chief mar-

ket strategist at Sanwa International, said the outperformance was mostly led by developments on the currency markets, with the D-Mark weakening against the dollar and other European currencies. He said the decisioo to ease "provided short-term relief to the markets. But for the convergence process to resume, we still need to see the dollar

breaking above DM1.50."

■ Freocb bonds ended higher, in line with bunds. Matif's September Pibor future totally priced-in the rate cut, rising by 0.31 to 96.07. "The Pibor's rise was overdone," said a trader in Paris. "We are likely to see a

correction soon." The September ootiooal contract settled at 123.90, up 0.60, and the 10-year yield spread over bunds tightened by 1 basis point to 2 points. Earlier on, the spread was eveo narrower, but traders saw heavy selling by large institutions before it fell into negative territory.
"Easing the [German] repo

Other countries follow suit The Bundesbank's decision to cut its repurchase rate was

followed by similar moves in several European countries, as well as Canada. The Bundesbank reduced its repo rate to 3 per cent from

3.30 per cent. It left its key discount and Lombard rates unchanged at 2.50 and 4.50 per cent respectively. • The Banque de France cut its intervention rate to 3.35 per cent from 3.55 per cent, but left its 5-day to 10-day repurchase rate unchanged at 4.75 per cent.

 The Dutch central bank lowered its special advances rate to 2.50 per cent from 2.70 per cent, leaving the secured

loans rate unchanged at 2 per cent.

The Belgian National Bank cut its leading central (overnight) rate and end-of-day rate by 0.20 to 8 per cent and 4.25 per cent respectively but left its emergency and discount rates at 6 per cent and 2.50 per cent respectively.

The Bank of Canada lowered its overnight rate target

range to 8.75-4.25 per cent from 4.00-4.50 per cent.

Mr Shah, referring to high budget deficits and France's record unemployment.

Ms Phyllis Reed, European bond strategist at BZW, said "the franc is not out of the woods yet". She expects renewed pressure on both OATs and the currency in the run-up to the 1997 budget

German bunds rose more modestly. On Liffe the September bund future rose 0.43 to close at 97.83, well below its high of 98.04.

Traders were divided over the likelihood of further rate cuts. Ms Reed said there was

rate does not solve Europe's room for another 15 to 20 structural problems," said basis points, as the reporate remained well above the discount rate, but she warned that bunds could soon come under pressure.

"The Bundesbank will be in a dangerous eituation. There is a risk that the market will misinterpret [yesterday's] cut if the German economy shows further signs of strength," she said.

■ UK gilts proved the most

immune to the Bundesbank rate cut - underlining the country's "de-coupling" from the rest of Europe, said Mr Andrew Roberts at UBS. He said gilts appeared to be stuck in a range of 1071/2

to 1084 because while there was a "willingness to take funds out", there was no willingness to push them up.

"People perceive that any data would be used to push through an interest rate cut by the chancellor," Mr Roberts explained. "It is difficult to see us breaking out of this range."

The one bright spot was index linked gilts, which Mr Roberts said were trading well on the back of reports of strengthening consumer confidence. After jumping to 108%, Liffe's September long gilt future slipped back to close at 107#, up 4.

The US market continued to drift. The release of weekly jobless claims data up 6,000 to 327,000 - failed to lift the market. "This shows a alightly stronger economy than the market had expec-ted," said Mr Dick Howard at Julius Baer Investments. He said the trading was part of a general pattern. The market is drifting off after a strong first week in August," he added, predict-ing continued quiet trading.

The market will probably drift down by another point or so over the next week or 10 deys," ha said. The CBOT September T-bond future was trading at

110kin the early afternoon, down & This compares with an August peak of 112%.

aimed at retail buyers

By Conner Middelmann

The eurobood market bad a fairly active day, although most offerings were moderately sized and once again targeted at retail investors, including another flurry of Australian, New Zealand and US dollar deals.

The only exception was a \$300m debut eurobond for Venantius, the Swedish national mortgage agency, which is owned by the govermment and therefore carries a zero risk weighting under BIS guidelines.

Lead manager Lehman Brothers said the floatingrate notes were targeted at eopranationals and central hanks, UK investment managers and banks attracted by the zero risk weighting. At the re-offer price, they yield Libor less 10.5 basis points, slightly more than Sweden'a outstanding notes due 2001, which trade at 11 basis points below Libor.

Another US dollar issue from a Scandinavian borrower, \$100m of two-year

bonds for the Kingdom of Sweden, was simed at Japanese retail investors switching into US dollars from Australian dollars after the recent fall in interest rates there, said lead manager LTCB International

INTERNATIONAL BONDS

The New Zealand dollar sector saw two more issues. Although New Zealand yields have followed other markets lower, bonds still offer a yield pick-np over other markets.

"Kiwi dollars are an easy sell right now - investors are switching out of Canadian and US dollars to pick up yield," said one dealer. There have been 24 euro-bond issues worth NZ\$2.25bn this year, compared with four deals worth NZ\$260m last year and two worth NZ\$100m in 1994, according

to IFR Securities Data. were a NZ\$100m issue for tri-

ple-A rated Toyota Motor Credit Corp and a NZ\$100m deal for Canada's Farm Credit Corp, a government. backed mortgage lender.

Toyota's issue was priced to yield 12 basis points below New Zealand's government bond curve. Some felt this was too tight but lead Hambros Bank said it was attractive compared with KfW's recent issue, which was launched to yield 10 basis points below and now

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trade at less 15. Farm Credit'e bonds came flat to the New Zealand curve and saw good demand from retail investors in Europe and North America, notably Canada, lead Toron-

to-Dominion Bank said. General Motors Acceptance Corp launched its first French franc issue, FFribn of six-year bonds yielding 40 basis points over govern-ment bonds. "We identified some niche demand for intermediate paper with a bit of spread," said an offi-Yesterday's transactions clal at Paribas, joint lead manager with BNP.

Landmark \$250m loan facility for AsiaSat

By Louise Lucas in Hong Kong

Satellite Telecommunications, the Hong Whampon of Hong Kong. Kong based satellite consortium, has tapped the capital

held in equal parts by three compaoies with telecoms interests - Cable and Wireless of the UK, Hutchison and Cltic. China's flagship investment vebicle - was

Yesterday, the lead arranging hanks called the loan facility a landmark deal for Asia'e satellite industry as AsiaSat was able to obtain funding without guarantees from the three big ebareholders. Previous deals in

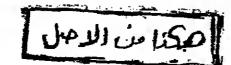
symptom of the same thing as the share offering: the company in its own right went public and is borrowing on its own two feet," said Mr Torquil Macleod, associ-

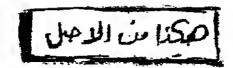
pany growing up. It is a reflecting AsiaSat'e youth (it was launched in 1988) and its infrastructure style activi-

> The facility is for 7% years and will be used for general working capital. The lead

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markets for the second time floated on the Hong Kong io two mooths to raise a and New York exchanges in the region, such as those for ate, project finance at HSBC arrangers are Fuji Bank, JP USS250m term loan facility June. The shareholders Investment Banking. Palapa of Indonesia and APT Morgan Securities Asia, with 12 international banks. received an aggregate Satellite in Hong Kong, have The loan has been struc- HSBC Investment Bank The company, previously HK\$2.1bn from the offering. tured as a hybrid of project Asia, and Paribas Asia. required such guarantees. WORLD BOND PRICES BENCHMARK GOVERNMENT BONDS FT-ACTUARIES FIXED INTEREST INDICES BUND FUTURES OPTIONS (LIFFE) ON250,000 points of 100% Aug 22 Aug 21 Yr, ago Aug 22 Aug 21 Yr, ago Aug 22 Sep Price 7.91 6.31 6.57 7.29 7.23 6.30 7.56 9.33† 0.48 0.31 0.20 1.81 2.80 2.25 3.33 2.37 8.91 5 yrs 6.83 15 yrs 8.73 20 yrs 7.96 brad.† 7.27 0.68 0.49 0.35 0.87 1.24 1,68 1.10 1.43 1.82 7.15 8.08 8.18 8.20 7.18 8.04 8.13 121.80 7.89 8.17 Up to 5 years (22) 5-15 years (20) Over 15 years (8) Irredeemables (6) 161.50 185.83 142.62 5.44 6.35 6.29 7.56 8.32 2.17 3.18 8.28 8.68 8.90 8.10 7.07 7.85 8.81 8.78 Italy M NOTIONAL ITALIAN GOVT. BONG (MTP) FUTURES (LIFFEY Life 200m 100ths of 100% Aug 22 Aug 21 Yr. ag 199.80 6 Up to 5 years (1) Est vol Open int. 2,08 3,12 6,27 8,68 8,79 7,99 8,95 7,79 7,93 8,60 8,85 8,73 115,38 116.22 +0.84 114,66 115.47 +0.89 118.30 115.18 114.49 III TTALIAN GOVT, BOND (STP) FUTURES OPTIONS (LIFTE) Lin200m 100ths of 100% CALLS 1.55 FT FIXED INTEREST INDICES GILT EDGED ACTIVITY INDICES Aug 21 Aug 20 Aug 19 Aug 22 Aug 21 Aug 20 Aug 19 Aug 10 Yr ago Hight Low Aug 15 72.2 GOVE Secs. [URQ 93.28 93.14 93.33 93.41 93.43 93.24 98.34 61.59 74.6 74,4 75,6 III NOTIONAL SPANISH BOND FUTURES (MET) Open Sett price Change High LOW Est vol. Open int. 47,755 FT/ISMA INTERNATIONAL BOND SERVICE Lated en th lotted remarkatives bords for which Teams are assessmentary market. Latest prices at 7500 pm on Assessment for the College (Clay Pried) U.S. DOLLARS STRAMENTS U.S. DOLARS STRAMENTS U.S. DOLLARS STRAMENTS U.S. DOLLARS STRAMENTS U. 100.68 +1.07 100.74 3,306 Treasury Bills and Bond Yields ÜK M NOTIONAL UK GILT FUTURES (LIFFE) \$50,000 32nds of 100% Open Sett price Change High 108-07 107-11 Est vol Open int. LOW 107-18 107-29 +0-14 106-25 107-05 +0-15 107-15 85154 8516 137714 CALLS Nov 1-14 0-48 0-27 **BOND FUTURES AND OPTIONS** 5.39 HS9C Holdings 11,89 00 £ 3.11 Jay 10¹2 14 £ 2.81 Japan Dov 8k 7 00 £ 3.01 Land Secs 9¹2 07 £ 3.02 Charlo 11¹2 03 £ 3.05 Seven Trant 11¹2 93 £ 3.05 Seven Trant 11¹2 93 £ 3.05 Seven Trant 11¹2 93 £ 3.05 Tolyo Sec Power 11 01 £ 4.08 TOLYO Fin 8¹4 00 AZS 4.08 TOLYO Fin 8¹4 00 AZS 4.09 Charlo Sent 9 38 NZS 4.91 Charlo Sent 9 NZS 4.91 Charlo Sent 9 NZS 4.91 Charlo Sent 9 NZS 4.91 Charlo Sen Powergen 87g US 2 250 1044g Seven Trent 1112 99 C 150 171 Tokyo Bise Power 11 07 C 150 171 TOKYO Fire 84g 00 ACS 75 1934g World Sents 9 98 RUS 250 1024g Credit Local 6 01 Fir 8000 1014g Demmark 51g 98 Fir 7000 1014g Bise de France 81g 22 FFr 3000 1717g Ecu ECU BOND FUTURES (MATIF) ECU100.000 Low Est. vol. Open int. 187,662 39,705 9,444 Open Set price Change 91.90 92.40 +0.50 90.16 90.58 +0.50 +0 60 +0.50 +0.46 124.10 122.68 122.44 123.28 122.00 121.86 172,671 7,704 43 High 82.52 90.60 Est voi Open int 91,90 200 # LONG TERM FRENCH BOND OPTIONS (MATIF) US CALLS Oct PUTS Oct 0.12 0.23 0.46 0.91 Dec Dec W US TREASURY BOND FUTURES (CBT) \$100,000 32nds of 100% Change Ореп Latest High Low Est. vol. Open int. 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Trees 7 apr. 2012-15;;... +6 1134 1049 +14 824 754 +13 1032 882 +14 1032 882 +14 104 933 +14 104 933 +14 1115 1056 +14 1115 1056 +14 1115 1056 +15 1048 1306 8.31 8.07 1054 6.93 7.86 785 8.08 8.40 95 6.04 612 9653 8.09 8.11 987 8.27 8.16 10515 8.05 617 1251 8.12 8.13 987 Other Fixed Interest Rotes by Red Price 5 + 8" - High Low Treas 8-lape 2017## Each 12pe 2013-17 7.87 7.83 7.30 7.12 イポー: | T





Currencies and money

MRKETS REPORT

3undesbank move sets off flurry of rate cuts

/ Richard Adams

E HEATIDHAL

ad lost none of its ability to urprise markets yesterday, 7th an aggressive interest ate cut that drove down the alue of the D-Mark and sparked similar moves in other countries.

The German central bank cut its securities repurchase rate - or repo rate - by 30 far greater reduction than most analysts had predicted. esbank president, later said

Mr Hans Tietmeyer, Bundthe recent developments in the M3 broad money supply measure had been decisive in the bank's decision. Central banks in France,

Austria, Holland and Belgium quickly took the opportunity to cut their equivalent interest rates. The German rate cut took

pressure off tha French franc, which strengthened to FFr3.409 against the D-Mark

EXCLAMOE CROSS RATES

(DK) 53.28 (FF) 60.41 (DM) 20.59 (E) 49.47 (L) 2.023 (F) 18.36 (NK) 47.59 (E) 20.08 (Pa) 24.39 (SK) 46.44 (SF) 25.43

IC INTEREST RATES

LADON MONEY RATES

94.29 94.90 94.09 93.72

Over- 7 days night notice

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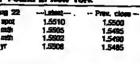
Letest Change High Low Est vol Open Int. 0.6701 -0.0053 0.6763 0.6880 16.978 65.218 0.6740 -0.0052 0.6772 0.6736 387 5,307

at close of trading in Lon- the dollar on expectations don, from FFr3.421 at the that the Bank of Greece he Bundesbank showed it previous close. September PIBOR interest rate contracts rose to 96.07, up 31 basis points on the day, suggesting lower interest rate expectations.

DM1.495 from DM1.481. Against sterling, the D-Mark finished at DM2.316, from basis points to 3.0 per cent, a DM2.297. The dollar was far greater reduction than unable to gain against the yen, ending down at Y108.3,

from Y108.5. The Bank of Canada also took advantage of the market movements to cut its bank rate by 25 basis points,

The Greek drachma weak ened against the D-Mark and



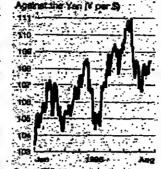
might cut rates today and on the announcement yesterday of a snap general election.

■ The Bundesbank knows how to move markets. After The D-Mark fell against the bank's decision to leave the US dollar. It closed at rates unchanged last month, yesterday's dramatic cut to a historic low for the repo rate was unexpected. The bank did not change the Lombard

or discount rates. But will they cut again? Opinions in the market are divided over whether the 3.0 per cent level is the bottom, or whether the bank has any room for more cuts.

Ms Alison Cottrell, international economist at Paine Webber in London, thinks the central bank will be able to make repo rate reductions over the next two months:
"I'd say that there are 10 to 15 basis points to come. Wa'll see upwards pressure on the D-Mark before the

weak," Mr Norfield said.



But Mr Tony Norfield, currency strategist with ABN AMRO Bank in London, disagreed: "It looks more of a one-shot move."

"In my opinion the repo rate is fixed at 3.0 per cent, maybe to the and of the year. There is no reason to expect any tightening until the end of next year, because

The first beneficiary of Germany's repo cut was responded to the Bundesintervention rate to 3.35 per cent, from 3.55 per cent, and the franc began to look much healthler.

Austria reduced its key short-term rate to 3.30 per cent from 3.4 per cent, and its repo rate to 3 per cent from 3.3 per cent. Belgium cut its central rate to 3 per cent from 3.2 per cent. The Dutch central bank reduced its special advances rate to 2.50 per cent from 2.70.

prised that the US dollar did not seem to benefit from the D-Mark's fall to a greater extent. Top of the range expectations in the short DM1.52, but since the dollar

the pace of recovery is so failed to make it through DM1.50 yesterday, some

were questioning why. "We've seen a tremendou amount of dollar buying today, and it's worrying tha it was only up by a pfennig. bank's move by reducing its said Mr Avinash Persaud, currency strategist at JF Morgan in London.

"If it's not going to rally on this news, then what will it rally on?"

■ The Bank of Canada said the timing of its rate cut was influenced by the narrowing

bond yields. The Canadian dollar ended at C\$1.371 after the cut, little changed from the previous close of C\$1,373.

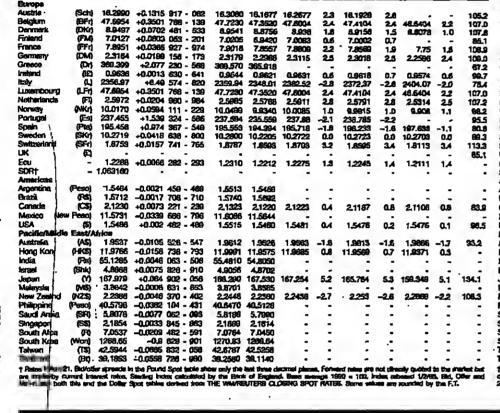
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	Open	Soft price	Change	High	Low	Est vol	Open of
Sep	91,31	91.45	+0.15	81,49	91 30	21912	52840
Dec	81,78	91,87	+0.19	8C 00	91 78	2321	1147415
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kun	92.07	92.23	+0.16	92,23	92 07	egg ₁	GCV-1
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	Open	Sett price	Chinge	High	Low	Est, sol	
Sep	87,65	97.79	+0.14	87.82	97.65	14858	27610
Dec	97.60	97.75	+D, 16	97.7B	97.60	11967	25652
Mar	97.40	97.54	-0.16	97,55	97,40	2103	12037
Jun	97.14	97,25	+D,14	97,25	97.14	619	4199
THE THE	E MONTH	EUROYEN	PUTUR	S (LIFFE)	Y100m p	omta of 10	10°e
	Open	Sett price	Change	High	Low	Est. voi	Open ir
Sep	89.35	99.35	+0.01	99.35	99 35	96	na
Dec	99.17	99.15	+0.01	99,17	99.16	13-1	na
Mer	98,94	69.69	-0.01	98.94	98,93	450	na
THERE	E MORTH	ECU FUT	JAMES (LIF	FE Ecute	n ponts o	€ 100° _%	
	Open	Soft price	Change	High	Low	Est. vol	Open #
Sep	95,56	95,74	+0.19	95.75	95.56	1983	9268
Dec	95,58	95.73	+0.16	95,75	95.56	1630	6295
Mar	95.47	95.62	+0.18	95.64	95,46	471	2970
A	05.27	95.42	+0.15	95,42	95.27	000	2850
Jun	#J.Z/	****	+0.13	33,42	10.27	286	2000



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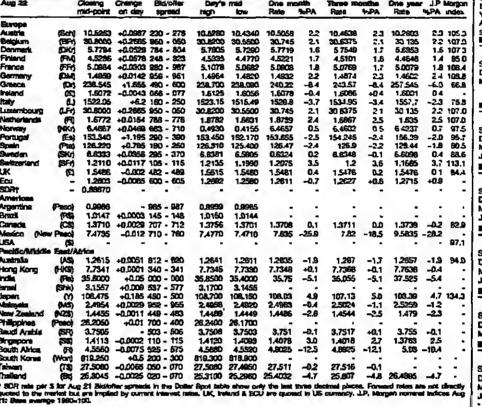
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EMS EUROPEAN CURRENCY UNIT RATES

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St. George Bank Limited
(incorporated in New South Weder)
ACM 055 518 070 U.S. \$75,000,000

Floating Rate Notes due 2000 Notice is hereby given that for the latterest Period 22nd August, 1996 to 22nd November, 1996 the Notes will carry a Rate of Interest of 5.95% per annum. The Interest Amounts payable will be U.S.\$152.06 per U.S.\$10,000 Note and U.S.\$1,520.56 per U.S.\$100,000 Note. The Interest Payment Date will be 22nd November, 1996.

Company, London

HongkongBank The Hongkong and Shanghal Banking Corporation Limited (Incorporated in Hong Kong with limited liability)

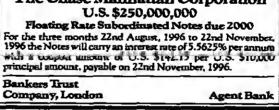
U.S.\$400,000,000 PRIMARY CAPITAL UNDATED FLOATING RATE NOTES

Notice is hereby given that the Rate of interest has been fixed at 6% and that the interest payable on the relevant interest Payment Date February 24, 1997, against Coupon No. 23 in respect of US\$5,000 nominal of the Notes will be US\$154.17 and in respect of US\$100,000 nominal of the Notes will be US\$154.25.

By: Claberts, N.A., (Corporate Agency and Trust), Agent Bank CITIBANG



Floating Rate Subordinated Notes due 2000



SAKURA FINANCE HONGKONG LIMITED U.S. \$100,000,000 Guaranteed Floating Rate Notes due 1997 ranteed as to payment of principal and interest by THE SAKURA BANK, LIMITED

For the three month period 22nd August, 1996 to 22nd November, 1996 the Notes will 1877 an interest rate of 5.75% per annum with a coupon amount of U.S. \$146.94 per U.S. \$10,000 Note and U.S. \$3,673.61 per U.S. \$250,000 Note, psyable on 22nd November, 1996.

Bankers Trust Company, London

Agent Bank



US\$100,000,000 Subordinated Collared Floating Rate Notes due

Notice is hereby given that for the interest period 23 August 1996 to 24 February 1997 the notes will carry an interest rate of 5.4375% per annum, interest poyable on 24 February 1997 will amount to US\$279.43 per US\$10,000 note and US\$2.794.27 US\$100,000

Agent: Morgan Guaranty Trust Company **JPMorgan**



European Investment Bank ledion Line 200,000,000,000 Floating Rate Due 1997 Coupon no. 14 due from 23.8.1996 to 24.2.1997 will be payable from 24.2.1997 at the rate of 8.65% p.a. TIL 222,257 Per TIL 5,000,000 nominal TIL 2,222,569 Per TIL 50,000,000 nominal

stan International Bank PLC Landon Reference Agent Bank Date 21.8.1996

U.S. \$250,000,000 Canadian Imperial Bank of Commerce (A Canadian Chartered Bank) Floating Rate Subordinated Capital

Debentures due 2085

Notice is hereby given that for the six months interest period from August 23, 1996 to February 24, 1997 the Debentures will carry en interest rate of 5,8125% per annum. The Interest payable on the relevant interest payment date, February 24, 1997 against Coupon No. 21 will be U.S. \$298.70 and U.S. \$2,987.00 respectively for Debentures in denominations of U.S. \$10,000 and U.S. \$100,000. By: The Chace Manhattan Bank

London, Agent Bank August 23, 1996

○ CHASE

THIS NOTICE IS IMPORTANT AND REQUIRES THE IMMEDIATE ATTENTION OF HOLDERS OF NOTES, IF HOLDERS ARE IN ANY DOUBT AS TO THE ACTION THEY SHOULD TAKE, THEY SHOULD CONTACT THEIR STOCKBROKER, LAWYER, ACCOUNTANT OR OTHER PROFESSIONAL ADVISOR WITHOUT DELAY.

American Express Travel Related Services Company, Inc. U.S. \$125,000,000

Floating Rate Notes Due 1998 (the "Notes")

Notice of Early Redemption

Notice is hereby given to the holders of the Notes (the "Noteholders") that American Express Travel Related Services Company, Inc. has elected, pursuant to Paragraph 7(a)(i) of the Torms of the Notes, to redeem on 23rd September, 1996 all of the Notes then outstanding Such Notes will be redeemed at 8 redemption price equal to 100°, of their principal amount together with interest accrued to that date. The conditions precedent to this redemption have occurred and after the atorementioned date of redemption interest on the Notes will coace to accrue.

iers should present and surrender their Notes (looether with all coupons industry subsequent to the date of redemption) for payment, in accordance with Paragraph 7(d) of the Terms of the Notes, at the specified office of either the Paying Agent or the Fiscal Agent acted below on or before the date fixed for redemption.

PAYING AGENT Chees Manhettan βank Luxembourg S.A. 5 Rue Plaetis, L-2338 Luxembourg

FISCAL AGENT The Chase Manhattan Bank Woolgate House, Coleman Street, London EC2P 2HD

for and on behalf of

CHASE



THERE MONTH STERLING FUTURES (LIFFE) 2500,000 points of 100%

93.30

+0.04 +0.10 +0.12 +0.13

+0.11

HORT STERLING OPTIONS (LIFFE) \$500,000 points of 100%

1.0w 94.25 94.21 93.98 93.60 93.20

0.03

PUTS Dec

0.12 0.26 0.47

78403 55188 34906

0.35 0.51 0.71

292,867 2108,15 903,995 -0.011 1938.45 -8.05 0.824117 -0.003582 Est. vol Open int. 15242 71042 38010 114185 19415 78403 2.64 2.06 1.53 2.00 1.22 0.62 0.41 0.73 1.18 0.28 0.71 1.33 2.13 1.63 Latest Change High 38,791 372,036 48,901 472,055 41,322 296,246 E US TREASURY BULL FUTURES (IMM) \$1m per 100% 94.83 94.70 All Open interest figs, are for previous do; MARK OFTIONS (LIFFE) DM1m points of 100% Oct - CALLE E EUROLIRA OPTIONS (LIFFE) L1000m points of 100%

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2.087. 4.452 3.248
1.117 2.372 1.731
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0.395 0.817 0.598
0.421 0.864 0.892
0.512 1.086 0.782
0.572 1.086 0.782
0.573 1.132 0.825
1 2.123 1.549
0.471 1 0.730
0.648 1.371 1
0.595 1.264 0.322
0.814 1.727 1.260

Love

2.41 2.05 1.73 1.58 1.57 1.55 1.18 0.33 0.00

'Gang warfare closes Tajik aluminium plant'

Almaty, Kazakhstan

Gang warfare and chronic cash shortages have forced the Tursunzade aluminium smelter in Tajlkistan, one of the largest in the former Soviet Union, to suspend its operations, according to reports from the central Asian republic.

The plant, with a nominal production capacity of 300,000 tonnes a year is exchange revenue earner. It zade. shut down temporarily earlier this month for lack of alumina (aluminium oxide) this week but reporters in and electricity, as well as the capital, Dushanbe, 50km cash. But the smelter's to the east, said shooting future is also threatened by between the two groups had



gangs for control of the industrial town of Tursun-

All communication with the town was lost earlier

unconfirmed reports, one group has mined the antry to the factory to keep the other out.

Tajikistan risks losing \$20m a month in export revenues from the aluminium produced at the plant, most of which is shipped to the the plant had produced trol of the town."
16,000 tonnes of aluminium One group dem in June and more than the mayor of Tursunzade be 100,000 tonnes during the sacked after aight of its first half of 1996, down 15 per cent from the same period in

Since 1992, civil war has divided the mountainons republic into numerous fiefdoms where control over factories and trading routes is at least as important as ethnic, regional and political

In Tursunzade, both

flict, it's just a mafia fight," said Mr Umed Babakhanov. editor of Asia-Plus, a Tajik

the latest dispute. Imports of alumina from neighbouring One group demanded that Russia cost the republic almost as much as it makes from exports of aluminium. members were killed three weeks ago. The group fied and rising energy costs ensure that production is into the hills but has mada numerous attacks since, killing a leader of their opponents earlier this week, Mr many peopla still make lots Babakhanov said.

The fighting is not about the factories per se, but if you control tha mayor you can put your peopla in all the other posts," Mr Babakgroups are headed by ethnic hanov said. "Some of thesa gangs

"This is not an ethnic con- made e fortune from exporting aluminium." Some economists are

regardless of the outcome of mines.

The industry remains

direct foreign investment was only \$21m in the first ommending that the plant be half of this year, mainly in husiness news service. "Two shut down permanently, cotton processing and gold

used as an educational tool

as a catalyst to resourca

savings and recycling in gen-

eral creating jobs and bust-

es in the recycling sec

Acre was set up in 1984

of money from aluminium

tens of thousands of Tajiks

and sent even more fleeing

to neighbouring republics.

The civil war has killed

Tajikistan is rich in

minerals, notably silver, but

exports.

Shanghai warehouses 'hold copper umprofitable. "But they probably won't shut it down," Mr Babakhanov said. "Too many penda still make lots

By Kenneth Gooding, Mining Correspondent

Short term copper prices depend on the fate of about 85,000 tonnes of the metal in Shanghai warehouses. moved to China from London Metal Exchange warehouses in the past two months

Making this point in Its letest Copper Briefing Service publication, Bloomsbury Minerals Economics. the copper industry specialist, says the destiny of this metal is even more important because, by BME's cal-culation, the global market aurplus is much smaller than previously thought.

If the metal in China is released to the market, BME suggests that copper prices could fall from late August or September to give a first half average next year of US\$1,750 a tonna and a second half average of \$1,650. If tha metal stays in China, prices could average \$1,875 to \$1,925 a tonna next year. Copper for delivery in three months on the LME closed

last night at \$. Mr Peter Hollands, editor of CBS, says the copper in China is rumoured to belong either to Sumitomo, the Japanese group that recently dismissed its senior copper trader for unauthorised trading, or to China National Nonferrous Matals Import and Export Corporation (CNIEC). "Similar tonnage is believed eventually to be needed for return to China's Strategic Stockpile, but when that would happen is unclear. Our understanding of the original loan from the stockpile to CNIEC was that

it was for up to two years. If

that is correct, it may be

that the Stockpile will not take the 85,000 tonnes back until early 1997," he adds. Expressing the frustration

felt by many market analysts, Mr Hollands says: "We do not know enough about the 85,000 tonnes in Shanghai. Why was it take out of LME warebouses when supplies of copper for immediate delivery were tight? What motiveted and what now motivates the owners? What exactly has CNIEC agreed with the stockpile over timing? Under what conditions would this material be sold into the domestic or export market now and bought back later? What, if any, is the strategic purpose of the Strategic Stockpile?"
Mr Hollands suggests that

much of copper's price weakness in the past few months was caused by the Sumitomo affair. He points out that no firm information is available about Sumitomo's remaining copper futures position "but any continuing exposure is at least in part counterbalanced by the remaining large short positions in some of the investment funds. These were originally concentrated in August but some have since been rolled forward into September. This is causing general wariness in the trade over the possibility of another squeeze daveloping ir September, though few vould expect it to be long-lived."

BME forecasts a clobal copper surplus of 1'5.000 tonnes this year following last year's 85,000-tonne deficit. The surplus is seen rising to 250,000 tonnes in 1997. Copper Briefing Service £725 or US\$1,150 a year from BME, 70 Marchmont Street, London WCIN 1AB, UK

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a battle between two rival since subsided According to Netherlands. Interfax said gangs are fighting for con-Can recycling continues to climb outside US

By Kenneth Gooding, Mining Correspondent

Aluminium beverage can recycling rates - which the aluminium Industry promotes heavily to give itself a that for a amelter.
"green" image – continued Aluminium Can Recycling "green" image - continued to climb last year in Europe and Japan but seem to have reached a plateau in the US. by far the biggest market for

right image, cans provide the industry with cheaper metal because if they can be

and back to cans again) they five years ahead of the offi-save as much as 95 per cent cial schedule, the minimum This result put Japan's save as much as 95 per cent of the energy needed to produce new aluminium. Also, tha capital cost of a recycling plant is only one tenth of

Europe (Acre) says that 83,000 tonnes of aluminium beverage cans were recycled in Europe last year, taking the recycling rate up from 30 Apart from giving the per cent in 1994 to 35 per ight image, cans provide cent. However, not all this metal went back to make new cans.

Acre says that last year

recycling targets set by the European Union Directive on Packaging and Packaging in Japan, the Aluminium

Can Recycling Association, estimates the recycling rate last year at 65.7 per cent, 4.6 percentage points higher than in 1994. The big jump came because more towns, supermarkets and other businesses were separating waste into various categories, according to the association. Over 174,200 tonnes of

recycling rate above that of the US for the first time. In the States the rate dipped slightly last year compared with 1994 to 62.2 per cent.
Japan remains a long way

behind Sweden, however, where a mandatory deposit scheme has boosted the recycling rate to 91 per cent, according to Acre statistics. Also among the Europeans. the Swiss and the Icelanders, with rates of 85 and 80 per cent respectively, are enthusiastic aluminium can recydetermined to push the rate ever upward. The US Alu-and recycling issues and acts minum Association says it is still committed to recycling every aluminium can while Acre reckons that the European rate will reach 50 per cent by 2000. Mr Alexander Wirtz, gen-

eral manager of Acre, suggests aluminium can recycling has wider benefits. "It greatly enhances tha environmental awareness of tha public hecause of its high visibility." he insists. "This leads to changes in con-

olds of the US. Pechiney of Franca and VAW of Germany. In their own countries, Elval of Greece, Alu-

and its mambers are Alcan of Canada, Alcoa and Reynsuisse of Switzerland, Inespal of Spain and Granges of Sweden support

Venalum makes peace gesture to Japanese partners

By Ray Collitt in Caracas

In a move apparently ities and Venalum represenintended to overcome a seven month-old row with arrive in Tokyo for negotiaits Japanese partners, the tions over veto rights of the Venezuelan state aluminium refiner Venalum, which is carmarked for privatisation later this year, plans to
ship 14,000 tonnes of admitted yesterday that the ingot to Japan in early Sep-

comes only days before a 15- comment on local press months ago in an attempt to

COMMODITIES PRICES

BASE METALS

member delegation of Ven- reports that the government ezpelan government author-Japanese consortium, which holds a 20 per cent share in

Venalum. aluminlum ingot shipment was scheduled for early News of the shipment September but would not Japanese partners six

could threaten to expropriate the Japanese consortium One alternative reported

to be under consideration is to compensate the Japanese partners with larger annual shipments of alumin-Venalum halted alumin-

company's value when it as put up for sale. Venalum argued, moreover, that its commercial agreement with the Japa-

in December.

ment had also faced objecium ingot shipments to its tions to its privatisation plan by several members of the board of directors of the companies in an aluminium

nese investors had expired

The Venezueland govern-

pressure them their rights Corporació da Guayana of veto, which, the government said, would reduce the company, which were subsequently removed. The Japanese consortium.

which is made up of Showa Denko, Kobe Steal, Sumitomo Chemical Company and the Mitsphishi Metal Corporation, has held a share in Venalum since tha company's establishment in

Venalum is one of three

-15 1027 1012 166 57,000 -17 1047 1030 1,541 37,041 -15 1057 1040 1,331 43,225 -14 1065 1053 120 21,572 -15 1078 1078 29 11,356 -14 1088 1076 13 3,367

-20 1385 1381 133 445 -25 1430 1408 4,384 51,063 -21 1463 1442 797 16,750 -23 1478 1461 565 7,801 -26 1480 1480 14 5,938

Price

1709 +6 1723 1675 1,808 5,611 1896 +16 1705 1857 2,846 13,706 1853 +14 1690 1618 408 4,648 1618 +14 1630 1585 103 2,208 1596 +15 1596 1576 12 508 1598 +12 1575 1576 7 168

131.16 +6.05 131.59 125.09 2,880 2,788 120.80 +3.80 121.00 116.50 8,424 14,585 114.70 +2.70 114.90 111.90 908 3,882 113.69 +2.10 114.00 112.00 74 1,285 112.45 +1.20 112.90 112.90 39 511 112.45 +1.20 112.90 112.90 39 511 112.45 +1.20 111.50 111.50 1 195

351.7 -1.7 353.5 351.0 1,054 9,797 345.9 -0.8 347.0 346.0 219 4,536 341.4 -1.2 343.0 341.8 157 6,711 356.6 -0.8 337.9 337.0 61 2,662 333.4 -1.8 336.0 334.6 22 1,057 325.0 +0.5 326.5 325.0 35 933 1,599 25,914

11.85 +0.03 11.89 11.75 3.263 67,664 11.45 -0.01 11.48 11.42 1,369 46,937 11.24 - 11.27 11.20 1.457 17,828 11.83 -0.02 10.69 10.62 359 7,974 10.45 - 10.45 10.45 - 793 10.45 - 793 1.862 1.457 1

72.93 +0.41 73.05 72.38 359 7.045 73.46 +0.43 73.59 72.65 2,765 20.673 74.68 +0.48 74.75 74.16 223 7.798 75.50 +0.32 75.50 75.00 61 6,131 76.13 +0.28 78.25 76.00 85 4.516

76.13 +0.28 78.25 76.00 85 4.516 75.80 +0.30 75.15 75.15 21 1,056

121.10 +0.85 121.50 118.25 225 5,180 115.65 +0.40 116.00 114.00 1,400 6,567 114.55 +0.05 115.00 113.75 589 5,083 115.25 -0.25 115.50 114.75 54 1,362 116.50 -118.50 116.50 44 250 118.00 +0.70 118.00 118.00 215 16.00

4,776 26,848

12,172 23,348

Prev. day 103.55 100.65

Its administration was

MEAT AND LIVESTOCK

I LIVE HOGS CME (40,000fbs; cents/fbe)

■ LIVE CATTLE CME (40,000fbs; cents/lbs)

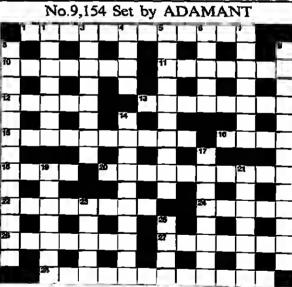
complex that is to be priva-

tised inwards the end of the

merged with CVG Bauxilum, which has a capacity to mine 5.36m tonnes of banxite a year and to produce 2m tonnes of refined aluminium. Venalum's annual output amounts to 417,544 tonnes of refined aluminium, resulting in combined annual sales of US\$371m.

JOTTER PAD 69.775 -0.100 70.350 69.700 1,373 1,464 71.175 +0.050 71.450 70.975 4,060 42,208 67,125 -0.250 67,360 67,025 2,435 22,126 85,350 +0.050 85,550 65,150 1,066 14,006 66,850 +0.050 67,000 66,850 261 4,646 84,800 -0.025 64,800 84,650 94 2,509

CROSSWORD



1 Footballers and economists reckon it's a He (5,7) 10 Suffer, therefore, and in Germany first (7) 11 Unusual, If cruel, match (7) 12 Laughs at male with sock off (5)

13 Hardy girl about to dance when the elders have disappeared? (8) lating the story about a fool providing decoration

16 New dues? No, secondhand! 18 Run round a river and yell 20 Nicaraguan fighter even

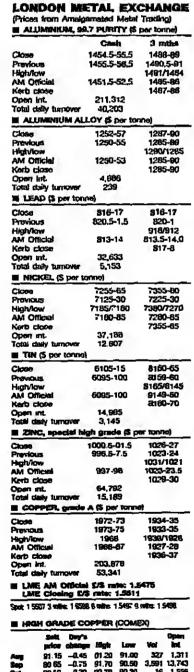
changes to break the law perfect setting (8)
24 Police officers caught starting to subvert the

records (5)
26 Create a stir about nothing to make the dish (7)

27 A supporter of books with eff to centre leanings (7) 28 Financial business of travelling actors (5,7) DOWN

2 Kidnaps sailors crossing the Channel (7) 3 Emphasises used for second locks (8) 4 The smallest part of a male

animal (4)



1 976 6,191 58,658 PRECIOUS METALS

LONDON BULLION MARKET (Prices supplied by N M Rothschild) Gold(Troy oz) \$ price Close 387.30-387.60 386.70-387.00 386.90 249.581 484.687 387.00 249.736 467.380 387 85-387.95

.........4.40 12 months 3 months .

p/troy toz. 334.80 339.20 532.00 545.85 Gold Col

Precious Metals continued GRAINS AND OIL SEEDS GOLD COMEX (100 Troy oz.; \$/troy oz.) 387.8 +0.9 387.0 15 119
389.6 +0.7 380.3 388.8 280 11,033
382.5 +0.7 383.4 391.7 8,941 72,552
394.8 +0.7 385.8 385.0 194 12,385
387.3 +0.7 397.5 386.7 85 5,948
389.8 +0.7 389.2 389.2 152 11,885
10,800 187,837 III PLATINUM NYMEX (50 Troy oz.; \$/noy oz.) III WHEAT CBT (5,000bu min; certis/60ti bushel) III COCOA CSCE (10 tonnes; \$/tonnes)

401.9 -2.3 403.5 401.5 1,101 18,723 404.1 -2.1 406.0 404.1 126 3.232 406.4 -2.1 406.5 406.5 150 2.954 408.8 -2.1 - 1 153 412.3 -2.1 - 8 2 PALLADIUM NYMEX (100 Troy oz.; S/troy oz.) 125,00 -0.60 125.50 124.60 213 3,610 126,00 -0.50 126.50 125.30 164 5,009 127.16 -0.50 - 2 117 128.15 -0.50 129.00 129.00

SILVER COMEX (5,000 Troy oz.; Come/troy oz.) 516.1 -3.7 516.0 516.0 12 15 517.0 -4.0 517.5 516.0 17.577 39.904 525.0 -4.1 525.0 525.0 6207 98.277 533.0 -4.1 525.0 531.0 445 8.724 538.1 -4.1 546.0 536.0 22 5.513 542.9 -4.1 546.0 546.5 190 4.221 **ENERGY**

■ CRUDE OIL NYMEX (1,000 barrels. \$/barrel) 22,13 +0,41 22,35 21,75 34,230 83,682 21,55 +0,34 21,74 21,27 10,705 38,623 21,10 +0,37 21,77 20,78 7,599 45,685 20,80 +0,37 20,70 30,46 2,193 30,137 20,20 +0,25 20,30 20,00 1,534 21,594 19.90 +0.28 18.94 19.65 739 13.363 IR CRUDE OIL IPE (\$/berrel)

20.75 +0.55 20,60 20.28 14.52 75.391 20.26 +0.52 20.30 19.85 4.668 18.522 19.40 +0.35 19.40 19.07 1,715 19.875 19.40 +0.35 19.40 19.07 1,242 14.124 19.00 +0.36 19.00 18.72 402 7,276 16.61 +0.33 18.61 18.61 25 5,588 24.67 190,838 HEATING OIL NYMEX (42,000 US galls.; cfUS galls.)

191.00 +3.00 191.50 187.00 5,721 22.911 191.00 +3.00 191.50 195.00 2,852 11,441 187.25 +2.75 195.50 185.07 2,852 11,471 185.50 +2.50 185.50 182.50 1,972 14,345 185.00 +2.50 185.50 182.50 1,972 14,345 185.00 +2.50 182.57 190.00 451 5.570 178.75 +2.25 178.50 178.25 101 1,414

M NATURAL GAS HYMEX (10,000 sinBb.; \$/mm8bb.) 1.980 -0.144 2.090 1.980 6,034 30,705 2.135 -0.107 2.235 2.125 1,538 14,294 2225 -0.087 2270 2225 1,123 16,094 2240 -0.075 2,294 2230 1,454 13,118 2,175 -0.070 2,225 2,175 549 7,431 20,023 141,867 M UNLEADED GASOLINE

83.45 +0.33 84.10 83.20 10.722 31.016 62.80 +0.43 62.70 61.40 5.803 19.868 60.55 +0.68 60.85 59.80 1.165 8.735 59.15 +0.55 59.40 58.60 1,100 4,407 58.25 +0.40 58.70 58.10 466 4,079 57.25 - 57.25 57.25 480 1,449 20,136 82,014

WHEAT LCE (E per torme) 108.15 +0.25 107.90 107.60 58 255 110.45 +0.45 110.45 109.40 208 3.059 112.50 +0.60 112.50 111.75 86 1,822 114.40 +0.50 114.40 113.45 30 883 116.20 +0.30 115.50 115.50 30 685 117.50 - 115.75 115.75 - 67

450.50 -0.50 452.00 447.00 2,876 16,253 Sep 456.25 +0.75 457.50 452.50 6,993 37,901 Dec 450.00 -450.00 451.50 774 8,203 May 450.00 +1.00 428.00 428.00 71 345 May 356.00 +1.50 397.00 382.50 387 3,278 Jet 11,133 66,123 Total MAIZE CBT (5,000 bu min; cents/56b bushe) M COCQA ((CCO) (SDR's/tonne)

367.50 +1.25 370.00 384.00 10,015 48,013 383.50 +0.75 341.00 334.50 27,198 181,467 345.25 +1.00 347.75 340.50 3,731 41,228 350.25 +0.50 352.50 386.55 756 13,480 360.25 +0.50 352.00 346.75 571 10,487 314.00 -316.00 313.50 23 1,139 42,701 394,882 BARLEY LCE (£ per tonne) 101.50 +0.50 101.00 100.85 108 289 104.40 +0.70 103.75 103.20 138 1,000 106.66 +0.90 106.25 105.25 21 470 108.45 +0.70 107.75 107.25 - 157 110.20 +0.80 113.90 113.90 \$ 63 228 1,979

COFFEE 'C' CSCE (37,500tbs; cents/fbs) SOYABEANS CBT (5,000bs min; cents/60b bestiet) 817.25 -8.75 835.00 613.00 331 148 808.75 +8.50 809.50 794.00 5,638 15,826 765.25 +6.25 787.50 773.00 32,960 723.483 791.00 +5.00 793.50 780.50 2,919 20,933 796.50 +5.50 797.50 780.50 1,748 12,330 795.25 +5.50 796.50 785.50 1,963 8818 825.25 45.50 796.50 785.50 1,963 8818 COFFEE (ICO) (US conts/pound) 46,286 180,342 SOYABEAN OIL CET (BD,000lbs: cents/lb) ■ SUGAR "11" CSCE (112,000lbs; cents/fbs)

25.16 - 25.15 25.11 191 113 24.99 -0.13 25.12 24.83 3.831 15.983 25.17 -0.15 25.32 25.05 2,270 14.165 25.58 -0.10 25.73 25.43 5.455 32.329 25.79 -0.10 25.96 25.68 655 5.138 26.15 -0.12 28.32 26.03 270 4.367 12,718 77,877 SOYABEAN MEAL CET (100 tons; \$/ton) 283.9 +0.9 288.5 283.5 1,315 12 283.1 +3.4 258.3 254.5 9254 21,333 252.8 +3.7 253.0 248.0 5,671 11,255 246.6 +3.1 249.5 244.5 9,404 31,332 247.0 +3.4 247.3 243.0 1,102 5,433 244.5 +2.5 245.3 241.5 1,335 5,151 28,006 81,931 E COTTON NYCE (50,000lbs; cents/lbs)

POTATOES LCE (E/tonne) 84.1 85.6 85.0 1122 +2 1122 1120 40 1185 +5 1190 1170 21 1271 -1 1275 1268 61 1289 -3 1290 1287 13 1298 -3 1290 1287 13 1298 -1300 1280 -1145 -5 1150 1150 2 798 840 1,390 735 246 24 4,043 ORANGE JURCE NYCE (15,000lbs; cents/fos)

FUTURES DATA All futures data supplied by CMS.

BA

Strength has been meintained at wool excitions held this week. Australia saw a very gradual rise, with the Eastern market indicator closing at 614 cents, just 2 cents higher than a week before. There was a sale in Freementile, taking the Western sale in Freemantie, taking the Western market indicator up by 4 cents compared with two weeks before. Trackers comment that at this stage of the season, with a charcé of more active buying from Crisical at some stage, there is some reason for estisfaction with firmness. New Zealand was also firm this week, the market indicator closing 2 cents at togher at 472 cents at 1g. British wool sold in Bragliond, the clearance at 90% being better than at the most recent sale. Prices were unchanged. VOLUME DATA

Open interest and Volume data shown for contracts traded on COMEX, NYMEX, CBT. NYCE, CME, CSCE and IPE Crude Oil are one day in arrears, Volume & Open interest

INDICES ■ REUTERS (Base; 18/9/31=100)

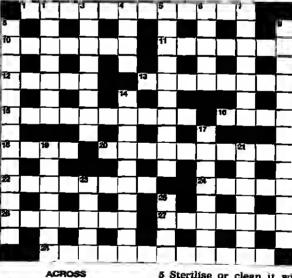
Aug 22 Aug 21 month ago year ago 1944.2 1940.9 1968.8 2247.7 ■ CRB Putures (Base: 1967=100) Aug 21 Aug 20 month ago year ago 249.84 290.85 E GSCI Spot (Base: 1970=100)

60.375 +0.750 60.400 58.200 516 943 53.700 +0.300 53.925 53.100 4,547 13,688 54.715 +0.825 54.230 53.875 2,063 10,421 75,375 +0.175 75.800 75.000 238 3,303 73,550 +0.450 73,600 73,250 128 1,438 78.125 +0.225 78.100 77.890 5,934 75,442 Total PORK BELLIES CME (40,000lbs; cents/lbs) 81.375 +2.000 91.375 87.800 244 529 LONDON TRADED OPTIONS Strike price \$ tonne - Cafe - - Puts -94 86 44 COCQA LCE

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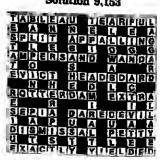
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5 Sterilise or clean it with hot solution (10)
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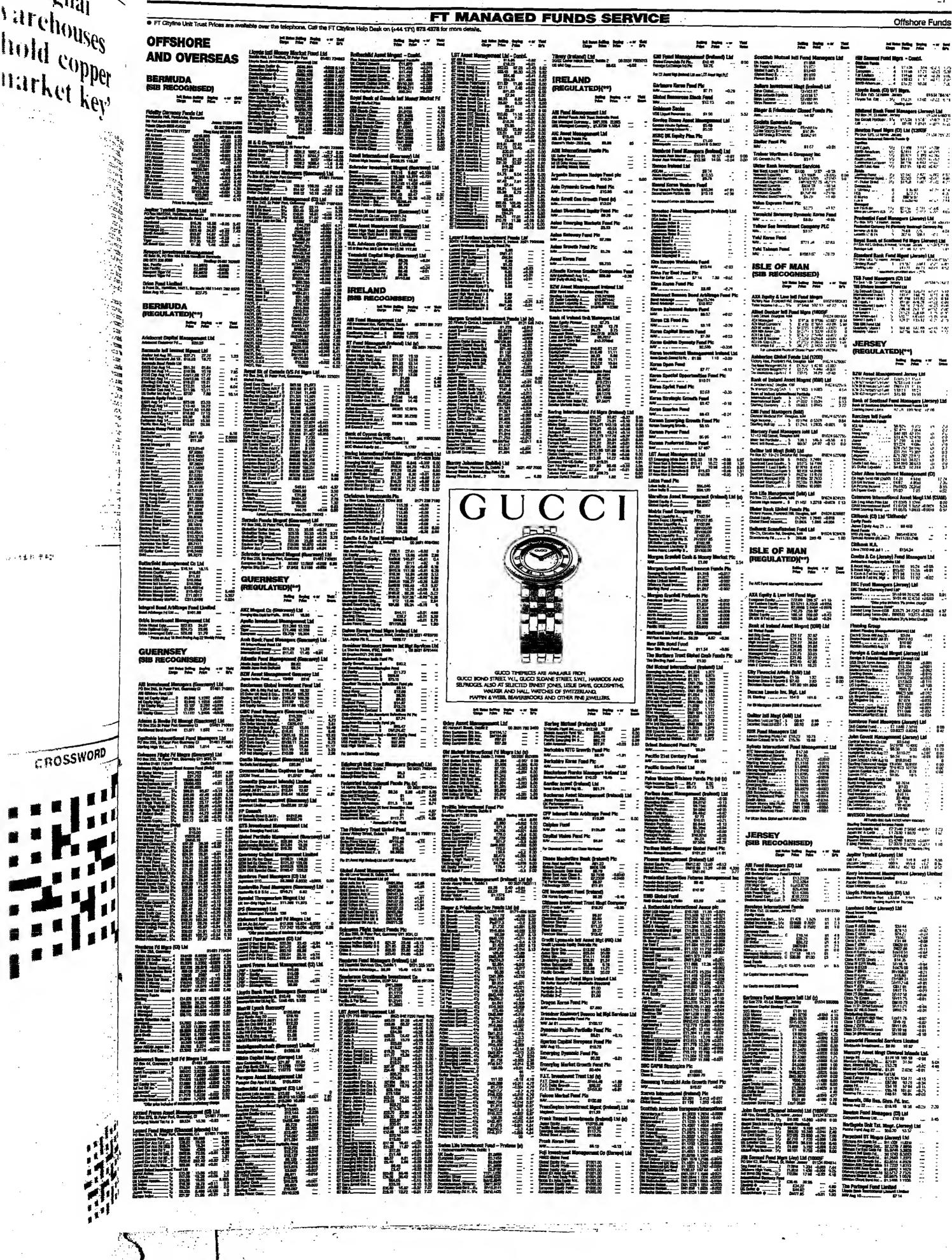
14 The pedigree horses stood apart in the group (10)
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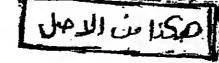


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LONDON STOCK EXCHANGE

Another record closing high for Footsie

UK Stock Market Editor

A revival of confidence in international bond markets following the decision of the Bundesbank Council to reduce its repo rate quickly lifted share markets and saw many of London's lead- in bunds and also affected US ing stocks power ahead to new

was followed by similar action by the Bank of France and elsewhere in Europe, was the second piece of good news on global interest rates this week, after the US Federal Reserve's decision not to lift interest rates on Tuesday.

Strategists said there was wideknown. The Bundesbank move was said to have been put in jeopardy by a etronger-than-expected survey of business confidence in Germany on Wednesday, which was followed by a sharp sell-off bonds and UK gilts.

records yesterday. The FT-SE 100 index closed just below the day's best levels, with a net 19.0 gain to 3.891.1 - an all time closing high.

At the session high, reached only minutes before London closed, the index touched 3,891.9, only 2.5 points below its previous intra-day peak on Wednesday.

Second line stocks were also epread relief as the news became heing chased higher, with the shares in BAT Industries, the FT-SE Mid 250 index closing 15.1 ahead et 4.402.5.

Turnover in equities continued at recent enhanced levels, eventually reaching the 650m shares mark at the 6pm count. Unusually, turnover was concentrated mostly in the FT-SE 100 stocks Which accounted for over 55 per cent of the total.

London's strength at the close of business was in sharp contrast to the trend st the outset of trading, when share prices were uncertain and prone to bouts of selling pressure in the wake of Wall Street's overnight fall.

A fresh and severe fall in at the 3,900 level this morning. tobacco and insurance group. after yet more bearish news from the US, upset sentiment in London. BAT shares have fallen 18

per cent this month. Prudential caught the eye on the upside, ss dealers noted extremely heavy trading in the options and the underlying stock ahead of results expected next ity in Footsie issues was attrimonth. Talk of potential European mergers and a trade sale of Pru's Mercantile & General subsidiary were greated with scepticism

Senior dealers said they expected Footsie to take another dash

hy Ofgas for British Gas ear-

lier this week. Shares in the

latter ended the session 2%

hetter at 207p, after trade of

Berisford fell 13 to 160p fol-

lowing a vote hy workers at

its Magnet kitchen factory at

Darlington in favour of

Weir Group was the best

climbing 18 to 2340 despite

announcing that half year

pre-tax profits had fallen 4.8

per cent to £19.2m, partly

due to lower profit contribu-

tions from Devonport dock-

Mr Daniel Bevan of Credit

Lyonnais Laing said that the

market had been hracing

itself for worse news and

that there was a certain

amount of relief, with the

Smith climbed 11 to 532p

ahead of next week's finals while Next perked up 8 to 566p ahead of its interims in

Dairy stocks continued toimprove following the

September.

rformer in the FT-SE 250,

industrial action.

yard

might lead to the disposal of

some of its businesses. Such

s step, if it happened, would

unlock more value, analysts

The hulls in Rentokil

Group gained the upper

hand after the support ser-

vices company rsported

interim figures. The shares

iumped 10 to 4190. However,

analysts at BZW remain

hears of the stock. They

sion not to sell any major

parts of the BET acquisition. Mr Nyren Scott Malden at

helieves the failure will

"dilute the quality of earn-

ings" at the group. The day's best performing

Footsie stock was Nstional

Grid where the shares put

on 7 to 178p, on the prospect

of a more favourable pricing

investment hank

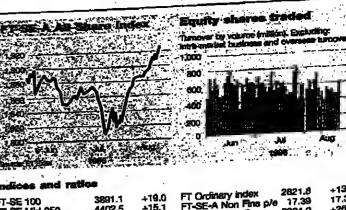
were particularly dissp-pointed by the group's deci-

"There is a tube strike in London tomorrow and the futures boys will try to take advantage of any poor attendance in the market to get their own way," one said.

The value of retail business in stocks crept up to £1.65hn on Wednesday, the highest level for over two weeks. Unusually high levels of activ-

huted to BAT, where turnover jumped to 24m shares, the fourth highest session total for two years. Hanson, which owns Imperial Group, the UK tobacco group, was also heavily traded, with 21m shares changing hands.

market estimates



ndices and ratios		c. Seen, index 2821.8	+13.4
T-SE 100 3891.1 T-SE Mid 250 4402.5 T-SE-A 350 1946.3 T-SE-A Ali-Share 1922.49 T-SE-A Ali-Share yield 3.83	+19.0 +15.1 +8.9 +8.30 3.85	FT Ordinary index 2821.3 FT-SE-A Non Fins p/e 17.39 FT-SE-100 Fut Sep 3904.0 10 yr Gilt yleid 7.84 Long gilt/equity yld ratio 2.13	17.33 +26.0 7.84 2.13
Life Assurance Building Mats Gas Distribution Water	+2.6 +1.4 +1.3	Worst performing sectors 1 Tobacco	0.3 -0.2 -0.2

US news batters **BATs**

News that BAT Industries is prepared to fight US propos-als to make tobacco a regulated drug, did little to allay fears about the likely impact of such a move and sent the group's shares falling

By the end of the session. the stock had lost more than per cent of its value after falling 24 to 4220. It was the day's sharpest decline in the Footsie and sent BAT to a new low for the year. Turnover at 34m was by far the highest in the FT-SE 100

The US administration is expected to support a Food and Drug Administration (FDA) recommendation possibly as soon as today to regulate tobacco as a drug, a move that could see the banning of certain forms of advertising, promotion and sales methods, which analysts say could hit tobacco sales substantially.

The prospect of such proposals going ahead hrought renewed talk of a demerger between BAT's tobacco interests and its financial services arm. One analyst said: "maybe it is time that the split was considered seriously."

However, a fan of the stock said: "Today's falls are really overdone. We knew about these plans and I am whole tobacco industry will

fight them all the way. Fears that the poor sentiment in BAT would spread to Hanson, which is sbout to demerge its Imperial Tohacco husiness, proved unfounded. Shares in the international conglomerate put on 3½ to 162p, in heavy trading of 21m, the second highest Footsie total.

A number of epeculative stortes combined to drive shares in life assurance giant Prudential Corporatioo sharply higher. The stock price jumped 17 to 442p on trade of 11m, the heaviest single-day's sctlvity in the insurance group's shares since mid-March.

One story doing the rouods early yesterday suggested a possible merger between Prudential and Swiss group Baloise Insurance. Another rumour was that the group may dispose of its Mercantile & General (M&G) reinsurance subsidiary and that a trade huyer was lurking in the background. A Swiss group was heing talked shout as the possible suitor for M&G.

However, more cautious market specialists suggested none of the above was likely and instead attributed the sharp rise in the share price to a shortage of stock,

A cut in German interest rates buoved shares in key stocks in the construction sector, notably those with a significant exposure in the German market. One of the beneficiaries was Redland. which ended 15 up at 450p. The company's representation in the German market

owned subsidiary, RBB, Mr Richard Brown's review more relaxed rules suggested which contributes 27 per cent in turnover and 48 per cent to Redland's operating

Mr Simon Brown, huilding said. analyst at UBS, said the rise in the share price was indicative of the importance of RBB's contribution to Redland, particularly after the restructuring plan. RMC. meanwhile, jumped 23 to

Caradon finished 7p np at 226 after the release of interims by its 50 per cent-owned subsidiary Wern AG. Although Weru's interim

numbers were not that good, they confirmed that the rationalisation programme was working one analyst

Cable & Wireless ended 6p firmer at 415% on volume of 12m, with analysts sttribu-

ting the rise to expectations

that the new chief executive FINANCIAL TIMES EQUITY INDICES

Aug 22 Aug 21 Aug 20 Aug 19 Aug 18 Yr ago "High "Low ery Share 2821.8 2808.4 2819.8 2801.9 2824.5 2941.1 2886.2 2668.8 dry. yield 4.04 4.08 4.04 4.13 4.03 4.07 4.22 3.78 also net 17.05 16.98 17.04 16.72 17.12 15.82 17.25 15.80 also net 18.88 16.82 16.88 16.56 16.94 15.64 17.08 15.71

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	AUG 22	AUG 21	Aug 20	AUG 19	AUG TE	Yr ego
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Equity bergains?	-	36,850	39,635	39,534	36,583	32,387
Shares traded (mi)†	-	538.4	600,1	451.3	486.1	603.0
†Sictualing Industratives bu	bne monie	OVERMORE TH	mover.			
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Total Filses	614	Total Highs	73	Total contracts	45,929
Total Falls	487	Total Lows	38		17,516
Serra	1,586			Celler	28,411

FUTURES AND OPTIONS

milk sales system Unigate firmed 7 to 439p M FT-SE 100 INDEX PUTURES (LIFFE) £25 per full index point Northern Foods rose 5 to 210p and Robert Wiseman Low High Open Sett price Change 3673.0 3696.5 3914.0 12294 3904.0 3925.0 3936.0 +26.0 hardened one penny to 175p. +26.5 3925.0 3904.0 330 J Sainsbury continued to IN FT-SE MID 250 INDEX FUTURES (LIFFE) 210 per full index po weaken, falling 4 to 895p after the recent spate of profits downgrades. There was profit taking at IN FT-SE 100 INDEX OPTION (LIFFE) ("3890") \$10 per full index point EMI Group, which fell 19 to

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472 183 8042 13042 7842 117 97
27342 145 1461p while News International dropped 14 to 346p following its full year results. Pre-tax profits fell to £415.9m from £778.7m last year, partly due to the cost of clos-■ BURO STYLE FT-SE 100 INDEX OPTION (LIFFE) £10 per full inc ing the Today newspaper. BSkyB added 10 to 557, with NatWest Securities changed its stance to "hold" from "reduce" after prelimi-

3725 3775 3825 3875 3925 184 6 138¹/₂ 10¹/₂ 90¹/₂ 18 60 31 32¹/₂ 53¹/₂ 196 15¹/₂ 156 23 177²/₃ 34 84 50 58¹/₂ 77²/₂ 214 27 175 37 138¹/₂ 40¹/₂ 108 80¹/₂ 77¹/₂ 27¹/₂ 240 44 185¹/₂ 67¹/₂ 103¹/₂ 103¹/₂ 103¹/₂ 240 76¹/₂ 214²/₂107¹/₂ 156¹/₂ 146 nary results in line with TRADING VOLUME

confident BAT and the is through its 56 per cent-

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stock having fallen recently.	le true	Arrit	Met.				Ciose					
	price	paid	Cap		796		price		Net	Div.		P/E
He said that there had	P	що	(Eng.)	High	LOW	Stock	P	*	ďν.	COV.	yid	net _
heen a reassuring meeting	570	F.P.	20,1	94		TAND IN	94	-45		_		56.8
with analysts. Nevertheless,	560		7.49	. 58		Alzyone	43	~				-
	§100		1,45	100		Amer Opps Ln 03/0			_	_	_	_
Credit Lyonnais Laing	2100	F.P.	12.7	. 68	56	TBerbican Hithera	86		-	_	_	_
shaved its full-year forecast	6110	F.P.	10.7	158		Checrical Design	158		_	_	-	_
to £45m from £48m while		FP.	5.17	4	4	Destroster	4		-	-	-	-
BZW reduced its forecast by	5		67.B	6783	6763	Soypt Tour	678	وال	-	-	_	-
	5145		45.0	218		Sec Petal Sys		+15	-	_	_	-
six per cent to £51m.	5.4	F.P.	2.52	53		Ferenced	48			-	-	-
Ladbroke hardened 2% to	16		8.48	18	17		18		-	-	-	-
2031/p shead of next week's	5	F.P.	19.0	63	61	Gel Thomson Env	61		W-		-	8.7
	163	FP.	22.8	202	169	HIT Entra	202			_	-	65.6
results. Analysts expect the	565	F.P.	162	65	65	Hambros Sm Asn C	65		-	-	-	-
hotels division to benefit	§100	F.P.	24.2	98	94	Hours Gvt 1000 C	87		-	-	-	-
from good current trading in	§12	F.P.	0.80	15	12	Tule Numbers	12		-	_	-	-
	6	F.P.	0.16			Life Numbers Wits	5		-	-	-	-
the London market.	-	F.P.	4.73	162	13	TLandon & Ed Publ	1512	_	50.25	3.9	20	11.8
Despite strong trading vol-	§148	F.P.	19.0	165	151	SCI Ent	183	-2	-	~	-	11.5
ume, Allied Domeco fell 2%	§100	F.P.	79.8	96		Schroder Em Cos-	9112		-		-	-
	. 8		6.28	37		Schroder Em Was "	36		•-		_	-
to 439%p, with one analyst	-	F.P.	40.B	1275		Behroder Em Ct C	27		-			-
suggesting it would continue	666		13.3	70		Selector	. 88		· -	-	_,=	
to drop until Bass	146		477.D	183		Somerfield	150	+1	. W0.0	25	7.1	7.1
		F.P.	6,30	72		Winter, Crips	71		3.0	2.2	6.3	11.0
announced its acquisition of	-	F.P.	5.02	130		TWest 175 Entra	130		-	-	-	~.
Allied's stake in Carlsberg-	† Allert	with the	THEFT	ng Mar	int. §	Placing price, * Intri	octuctio	n. Fo	Ca Mi	endorm	wion	0
Tetley. Bass, however,	Other #	mbols	Lane so	refer to	The L	andon Starn Service	n notes					
strengthened 5 to 837p. W H			_	_							-	_

LONDON RECENT ISSUES: EQUITIES

					Green dir.	P/E	62	
	21	DE CEY	20_	900	yield %	atto	High	les
Raid Minio Indet (St) IN Regional Indiana	2024.26	-0.8	2034-5	2037.69	1.86	-	2524,73	1722.95
Africa (13)	2538.07	-03	2546.75	2897.30	3.13	25.09	3553.86	2212.74
Anstrone (7)	2455.10	+1.9.	2409.RB	2423,85	2.36	22.99	2927.34	2123,5
North America (11)	1521.66	-12	1843.89	1733.22	. 0.73 .	96.05	2186,39	1488.94
Copyright, The Finance Financial Trans Licha Base Value: 1900,00	d. Flown	e in bra	cheste st	DW WAT	ber of comp	arried.	Beesta US	Dollars

reform agreed by Milk Marque, the farmers' supply co-operative, of its wholesale FT - SE Actuaries Share Indices The UK Series FT-SE 100 +0.5 3872.1 3883.2 3863.7 3520.0 4.02 2.06 15.07 132.18 1610.96 +0.3 4887.4 4385.3 43863.3 3892.8 3.43 1.86 22.00 126.48 1782.04 +0.3 4422.3 4419.0 4401.6 3915.3 3.52 1.70 20.93 133.18 1789.62 +0.5 1937.4 1941.8 1932.3 1783.2 3.69 1.99 18.16 83.85 1845.56 3891.1 4402.5 FT-SE-A 350 Higher Yield FT-SE-A 350 Lower Yield FT-SE SmallCap FT-SE SmallCap ex lav Trusts FT-SE-A ALL-SHARE +0.4 1914.15 1917.75 1908.96 1733.08 3.83 1.97 16.57 81.32 1649.85 FT-SE Actuaries All-Share Aug 22 chge% Aug 21 Aug 20 Aug 19 ago yield% cover natio yid Return +0.7 3664.17 3665.08 3686.87 2970.71 3.89 1.83 20.83 93.81 1695.84 +0.9 4246.69 4294.84 4260.73 4087.52 3.74 2.52 13.25 108.19 1261.01 +0.6 3758.06 \$780.11 \$767.82 2954.84 3.86 1.48 21.88 100.98 1679.60

10 MENERAL EXTRACTION (24) 12 Extractive industrice(B) 16 Oil Exploration & Prod(16) +0.9 2678,32 2816,57 2574,58 2080,47 1,98 1,52 20 GEN INDUSTRIALS(275) +0.5 151.437 1537.99 1528.66 184.455 6.84 1.84 11.17 62.63 862.84 +0.5 151.437 1537.99 1528.66 184.455 6.84 1.84 11.17 62.63 862.84 +0.5 2371.80 2376.23 2351.43 2092.15 2.99 1.54 24.60 56.95 1244.70 +0.6 2465.41 2464.69 2465.54 2137.38 2.62 2.43 15.83 54.85 1516.59 +0.3 3100.35 2098.95 3080.68 2542.31 2.42 2.01 16.18 86.71 1633.59 -0.2 2711.08 2707.85 2692.42 2090.99 3.81 1.97 18.69 64.48 1137.20 25 Bectronic & Bect Equip(36) 26 Engineering(71) 27 Engineering, Vehiclos(14) 28 Paper, Poig & Printing(28) 29 Textiles & Appare(19) 3109.04 2708.88 1260.54 -0.3 1264.07 1264.74 1286.27 1707.95 5.62 1.55 14.28 42.36 778.25 -0.3 1254.07 1254.74 1295.27 1797.55 5.62 1.00 14.28 42.00 (76.20 -0.2 5636.28 5054.32 5566.45 3353.83 3.89 1.95 1.55 115.56 1360.75 -0.1 2868.72 2898.53 2816.06 2827.27 4.40 1.82 17.54 91.96 1048.14 40.2 2543.89 2539.04 2330.22 2559.22 4.05 1.91 16.03 70.29 1162.85 40.4 2566.23 2001.03 2604.57 2673.53 3.86 2.16 15.06 59.03 990.45 40.2 2006.42 2004.86 2003.16 1834.52 2.72 2.16 21.03 35.95 1230.11 40.5 5436.07 5408.15 5840.12 4385.95 3.09 2.08 19.80 151.82 1380.76 -6.4 3778.01 3882.72 3828.84 4388,74 7.33 2.06 8.30 262.07 920.55 30 CONSUMER GOOD8(81) 32 Alcoholic Beverages(8) 33 Food Producers(24) 34 Household Goode(15) 36 Health Care(20) 37 Phermacouticale(13) 38 Tebecco(1) 2012.70 5462.80 3574.71 -6.4 3778.01 3962.72 3928.84 4396.74 7.33 2.06 8.30 202.07 820.55 +0.4 2570.21 2576.65 2585.65 2205.26 2.02 21.73 58.06 1363.82 +0.2 2917.59 2796.95 2778.84 2761.64 3.09 1.74 23.20 57.82 1049.54 +0.1 3212.02 3206.13 3204.81 2527.14 2.73 1.92 23.82 154.60 1739.02 +0.5 4336.43 4326.31 4315.52 3341.04 2.06 2.01 29.90 71.63 1567.33 -0.1 2041.95 2086.92 2055.26 2223.29 3.75 2.37 14.06 48.85 1308.63 +0.5 2144.63 2155.94 2130.39 1803.96 2.97 2.10 20.10 47.79 1243.90 +0.2 3160.74 3158.61 3185.50 2644.05 3.24 1.99 144.67.05 1536.88 +0.5 2467.51 2473.55 1785.31 1.92 2.33 27.89 35.38 1582.38 +0.4 2408.43 2422.30 2420.06 2208.22 3.96 1.56 20.25 57.41 1015.52 40 SERVICES(258)
41 Distributors(31)
42 Leisure & Hotels(24)
43 Medic(45)
44 Retailers, Food(14)
45 Retailers, General(44)
46 Retailers, General(44)
47 Brewniss, Pubs & Red
48 Support Services(45)
49 Transport(22) 2579,73 2824,37 3216,23 +0.4 2408.43 2422.30 2420.06 2308.22 3.96 1.56 20.25 57.41 1015.52 2414,07 +1.0 2339.57 2323.38 2322.70 2549.69 5.67 1.90 12.10 157.10 1047.83 +0.8 2409.85 2412.05 2419.61 2642.73 6.69 240 7.79 423.39 1311.59 +1.3 1369.21 1337.00 1322.94 1884.43 8.84 1.88 10.86 66.67 727.32 +1.1 1876.07 1975.49 1970.40 2173.94 4.04 1.53 20.22 50.32 527.69 +1.3 2213.05 2217.59 2228.57 2084.18 6.14 2.32 6.79 94.85 1267.41 60 VIILITES(32) 62 Electricity(11) 84 Gos Distribution(2) 66 Telecommunications(8) 68 Water(11) 2025.39 +0.A 2017.A2 2021.05 2010.79 1863.84 3.82 1.88 17.59 64.42 1559.81 69 NON-FINANCIALS(865 3125.56 +0.6 3104.64 3112.28 3104.67 2537.63 4.22 2.41 12.30 110.70 1493.08 4468.11 +0.4 4448.64 4456.15 4448.03 4468.15 2.67 2.50 18.71 63.99 1370.08 +0.3 3395.29 3686.24 3688.75 3891.15 2.67 2.50 18.71 63.99 1182.28 +0.8 1488.41 1476.16 1476.86 1340.31 5.08 2.34 9.45 581.3 1130.34 1493.85 651.59 +0.2 2506.82 2506.82 2506.83 2509.74 4.04 1.79 17.24 77.11 1508.16 +0.1 1618.69 1632.63 1623.46 1447.65 3.94 1.24 25.57 40.48 1008.48 70 FINANCIALS(104) 71 Sanks, RetailS 71 Sanks, RetailS 72 Sanks, Marchands 73 Insurance(2) 74 Life Assurance(5) 77 Other Financial(21) 72 Property(41) 80 BIVESTMENT TRUSTS(129) 3184.71 +0.4 5173.54 3174.04 3160.72 2365.76 2.24 1.11 50.52 48.74 1119.26 1922.49 +0.4 1914.15 1917.75 1908.96 1733.08 3.83 1.97 16.57 61.32 1649.85 88 FT-SE-A ALL-SHARESSS 1235.22 1235.57 1234.16 1061.14 2.75 2.35 18.28 22.03 1301.37 +0.1 1248.76 1248.63 1247.26 1054.02 2.96 2.53 16.72 23.82 1315.38 1249.39

Hourly movements

10.00 11.00 12.00 13.00 14.00 15.00 16.10 High/dayLow/day Open 8.00 3871.0 3875.0 3872.3 3887.2 3875.2 3885.8 3885.3 3890.5 3890.8 3891.9 3867.0 4387.7 4389.9 4380.1 4382.7 4395.8 4397.4 4396.5 4402.0 4402.5 4387.7 1837.0 1838.7 1937.8 1938.0 1939.4 1943.7 1943.7 1945.8 1948.1 1846.6 1835.9 FT-SE 100 FT-SE Mfd 250 FT-SE-A 350 Time of FT-SE 100 Day's high: 4:16 PM Day's low: 11:02 AM. FT-85 100 1898 High: 3801.1 (22/08/89) Low: 3602.3 (16/07/99).

■ FT-SE Actuaries 350 Industry baskets

Open 9.00 16.00 11.00 12.00 13.00 14.00 15.00 16.10 Close Previous Change 1167.4 1167.1 1168.8 1167.5 1169.1 1169.4 1169.5 1169.3 1170.4 1170.4 1167.5 5390.8 5394.1 5389.6 5374.9 5374.3 5389.4 5380.0 5387.1 5382.2 5390.8 5384.1 5380.6 5374.9 5374.3 5383.4 5380.0 5387.1 5382.2 5390.8 5384.1 2201.7 2202.4 2202.1 2208.9 2212.6 2212.7 2212.5 2216.4 2227.8 2228.3 2199.7 4504.0 4513.0 4518.0 4501.6 4509.3 4518.0 4508.5 4523.3 4528.4 4525.1 4505.4

Additional information on the FT-SE Actuaries Share indices is published in Saturday issues.

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Sain J. 2000 2,000 2,000 1,200 761 2,900 912 912 2,200 565 1,500 463 116 1,400 751 2,800 279 268 208 2,700 434 287 395 3,700 1,200 76

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calci deal	FINANCIAL TIMES FRIDAY AUGUST 23 1996 *
i, deal	Highs & Lows shown on a 52 week basis */- Tigh Live Yis Pit */- Ti
· · · · · · · · · · · · · · · · · · ·	EUROPE ARSTRA (Fug 22 / Sch) ARSTRA (Fug 22
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f Forte bids	
7	Description 403 - 37 420 200 43 43 - 5 420 200 43 - 5 420 200 43 - 5 420 200 43 - 5 420 200 43 - 5 420 200 43 - 5 420 200 43 - 5 420 200 43 - 5 420 200 43 -
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100	RANCE (ALQ 22 / Frs.) REALIZE (ALQ 22 / Frs.)
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	CAC-40 S800 x Imades S80

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11 8-7g Crainf
4 17g CPI Liq Re
12-7g 13-7g Cramotonaki
51 40-7g Cramotonaki
39-7g 27-7g CUEst
79-7g 45-4g Cuttors
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55-4g 50-4g Cramoton
11 7g 10-7g CV Rest
55-7g 52-7g CUEst
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INTERNATIONAL



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25 555; McCl. 4.5 x 4.4
25 555; McCl. 4.5 x 4.4
255; McCl. 4.5 x 4.4
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tobaccos still in ferment

PensiCo was up \$\frac{4}{3} at \$31.

Some of the biggest gains

of the morning were in the

technology sector, where

Zenith Electronics shot up

\$4% to \$15% after Americast

agreed to buy at least 3m

digital set-top boxes for more

tban \$1bn. Among blue chip

technology stocks, IBM was

Comptek Research rose \$%

at \$5% after winning a large

US Navy radar systems con-

tract. but SDL slumped \$9%

to \$18!4 on concerns about

disappointing third-quarter

Toronto scraped another rise

at noon as the Bank of Can-

ada followed Europe with a

25 basis point cut in its key

rate, The TSE 300 composite

index, lifted by a near-per-

centage point gain in golds,

rose 1.88 to 5,168.96 in vol-

The Imasco group moved

both ways as its CT Finan-

cial unit sold its US subsid-

iary to Marine Midland, the

parent falling 65 cents to

C\$27.15, but CT itself rising

Newbridge Networks fell

Relative stabillty in the

rand market over the last

few days also lifted senti-

ment and some brokers said

that the market could be

beading for a period of con-

solidation over the next few

Individual movements

included Anglo, up R3.50 to

R248.50, SA Brewerles, up

R3.75 to R117.50, and Amic

with a gain of R7.50 to R164.

Amoog the losers, Vaal

to begin with after Wednes-

ume of 49.2m shares.

75 cents to C\$25.75.

cal trading.

up \$1% at \$113%.

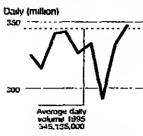
product yields.

Canada

Wall Street

regaining a little of the US stocks were posting some ground lost after Coca-Cola of their strongest gains of the month yesterday mornreplaced the Pepsi-Cola bottler in Venezuela, and Cocaing in the wake of a rally in Cola was up another \$% at Europe spurred by the Ger-\$51%. ValuJet was off \$14 at man rate cut. urites Richard \$10% on reports that it would not start flying again Tomkins in New York. An advance by technology until September after its stocks gave an additional grounding by the Federal boost to the raily. Aviation Administration earlier this year.

At 1 pm the Dow Jones Industrial Average was un



9 12 13 14 15 16 19 20 21 22 August 1996

35.88 at 5.725.70, the 6tandard & Poor's 500 had risen 4.57 at 665.07, and the American Stock Exchange composite was 2.13 higher at 557.68. Small capitalisation and Nasdaq stocks were also higher. NYSE volume was 212m shares.

Tobacco stocks had a volatile morning oo cootinuing worries about the possible outcome of an anti-smoking law suit being heard in an Indiana court this week, and plans by President Bill Clinton to place the industry under the aggis of the Food and Drug Administration. Philip Morris was off \$114 at day's big gain, but recovered 8863 but RJR Nabisco was to C\$83.25 up C\$1.25.

Buying lifts S Africa

industrial sbares in to 7,681.6, helped by techni-Johannesburg closed at intraday highs, belped both by offshore and local buying. After selling almost R120m worth of shares in the past two sessions, foreign institutions rekindled their interest by buying blue chips.

The overall index gained 58.2 to 6,479.2 and some dealers remarked that the market's recently gloomy mood had lifted partially, but that gold stocks remained weak. The golds index lost 22.6 to 703.8. Reefs lost R3.00 to R354 and Industrials advanced 82.9 Kloof was off R1.10 to R42.65.

until October to be passed by

Ангатана (20) . .

Franco (95)_

Malayso (107)555.35

.....270.76

Buenos Aires steady

was holding its own in midit had hoped to raise this session trading. The Merval year, index was up 1.19 at 498.25. MEXICO CITY continued Investment sentiment was to lose ground during the hurt garlier this week as morning session as profitfears emerged that an ecotaking took bold. The IPC index was down 28.33 at 3,384.07 by midday. nomic programme designed by the government to rein in the burget deficit might take

After Wednesday's 3.4 per per cent of the expected

cent full BUENDS AIRES 1.2bn pesos in revenue that

FT/S&P ACTUARIES WORLD INDICES

US Day's Pound Dollar Change Sterling Yen Index % Index Index

SAO PAULO was slightly lower by midsession, with congress. Over the last two the Bovespa index down 443

sessions the Merval index or 0.7 per cent at 62,705. had fallen 5 per cent. CARACAS, which hit a Domestie media reports historic closing high on yesterday quoted economy Wednesday, was unable to nimstry advisers as saying go any higher as profit tak-that the delay in getting the lng took hold. The IBC index eased 26.25 to 4,574.16. Turncould mean but the covern- over was 2.2bn bolivars ment would lose about 30 (\$4.7m).

14 198.17 141.87 159.66 0.3 171 18 122.54 137.90 0.1 207.45 148.52 167.14 -0.6 171 71 122.93 138.34 0.3 155.96 111.85 125.85

-0.6 171 71 122.93 138.34 335.33 03 158.36 111.85 125.85 162.28 12.18 125.85 162.28 12.18 125.85 162.28 12.18 125.85 162.28 12.18 12

-0.4 271.98 194.72 219.12 248.71 -0.7
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0.8 142.42 101.96 114.75 101.96 0.7
1.8 530.93 380.15 427.80 533.11 1.8
0.5 1252.98 897.05 1009.49 10725.37 0.7
0.6 238.29 207.11 233.07 229.49 -1.1
0.7 79.86 57.17 64.34 64.16 0.5
0.8 238.45 170.72 192.11 217.38 0.4
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181.70 137.25 154.45 261.74 0.8
2.2 384.49 275.27 309.77 261.57 2.2
-0.4 300.42 215.08 242.04 313.33 -0.5
-0.3 167.59 119.98 135.02 186.55 -0.7
0.1 341.81 244.71 275.39 349.18 0.0
0.5 239.84 171.71 193.24 186.51 -0.3
2.6 137.26 98.27 110.58 141.00 2.7
-0.1 232.48 166.44 187.30 232.48 -0.3
-0.1 256.88 185.34 208.57 270.76 -0.1

Dow climbs, Interest rate cuts attract lukewarm response

from the Bundesbank and the Bank of France, but they seemed somewhat tepid in

their response.
FRANKFURT, for example, was looking at a gain of more than 50 basis points in bund futures, and a dollar/ D-Mark rate up from a day's low of DM1.482 to around DM1.496 by the end of ibis trading. Turnover, up DM1bn at DM6.4bn, was almost respectable by recent standards. However, the eventual

gain in the Dax index, 24,98 to an Ibis-indicated 2,559.42, was less than the 27.68 it lost on Wednesday when an Ifo business indicator had seemed to rule out rate cut Individual situations,

rather than dollar or defensive stocks, made the big moves on the day. BASF, seen as the latest chemicals group to convert to shareholder value, pro-

duced better than expected

half year results and its shares rose DML26 or 3 per At the other end of the sector, Merck, the pharma-ceuticals company, had its earnings prospects downgraded by Deutscha Morgan

Grenfell, and closed DM1.51

FT-SE Actuaries Share Indices Hourly changes Open 10.30 11.00 12.00 13.00 14.00 15.00 Cines FT-SE Eurotrack 100 1655.75 1656.60 1655.84 1853.17 1861.97 1662.28 1663.02 1663.11 FT-SE Eurotrack.200 1722.12 1721.46 1721.14 1727.90 1728.04 1727.57 1729.32 1729.63 Aug 21 A210 20 Aug 16 FT-SE Eurotrack 100 FT-SE Eurotrack 200 1653.99 1719.40 1**659.23** 1723.76 1650.74 1713.95 1**649,44** 1717,78 Bass value 1000 (36/10/90); Hist

lower at DM55.79. Deutsche was also involved in a fall of 97 pfg to DM50.56 at Bayernverein, where its 5.21 per cent stake in the Bavarian bank had been touted as a precursor of sector restructuring. The holding, it said yesterday, was in fact strategic designed to keep predators out - and it did oot intend to

PARIS was pleased with itself as the central bank sliced the intervention rate by 20 basis points to 3.35 per cent. However, an early rise in the CAC-40 index to 2.026.54 could not be sustained and the market eventually closed up 17.12 at 2,017.76. Turnover was a healthy FFr4bn.

Financials were one of the main beneficiarles, beloed also by strength in the franc against the D-Mark, with Suez up FFr2.80 or 1.5 per gain in its first half sales.

cent at FFr182.80, UAP up FFr1 or 1 per cent at FFr102.70 and BNP gaining FFr7 or 4 per cent to FFr180.80, as a number of brokers lifted their recommendations on the group. Générale des Eaux, the

engineering and construc-

tion group, disappointed

some invastors with unchanged first half sales year-on-year. The stock eased FFr4 to FFr501. although a number of brokers ramarked that the results were in line with their expectations. Selta, the newly privatised tobacco group, off FF16.10 or

2.8 per cent to FFr207.90, was a victim of tough anti-smoking measures expected to be announced today by President Bill Clinton of the US. Cap Gemini put on FFr7.90

or 3.7 per cent to FFr219.80

and Total added FFr6.70 or 1.8 per cent to FFr377 on similarly good sales figures. ZURICH followed the

index rising 29.2 to 3,713.0 but the big moves coming in individual altuations: Baloise, tipped as a merger partner for Prudential of the UK, up SFr50 at SFr2,580; Roche certificates, implicitly recommended by Deutsche Morgan Grenfell and up SFr150 at SFr9.400; and Swissair, recommended by two banks and SFr39 higher at SFr,100.

party line with exaggerated enthusiasm and the general index rose 4.71 or 1.3 per cent to 356.85. Banks and utilities did well. Telefónica and Sevillana putting on Pta65 to Pta2,320, and Pta41 to Pta1,040 respectively; but Tabacalera shed Pta100 at Pta5,050 on the fear thet the domestic trials of the US tobacco companies would encourage them to invade the Spanish market.

MILAN followed the trend with the Mibtel rising 116 to 9,714, while tha Comit made 4.47 to 606.13. Tha market was also supported by favourable inflation data sed by a number of Italian cities yesterday and on

Frankfurt line, the SMI

MADRID followed the AMSTERDAM was disappointed with ING on the basis that the results from

the insurer were not as good as those released by ABN Amro last week. The stock lost 30 cents to F1 53.90, after a high of F154.50, in spite of the fact that the first half results were at the high end of expectations. Investors were also con-cerned that ING said that it did not expect the increase in profit for the first half of

The AEX index advanced 5.47 to 564.95. Another insurer, Aegon.

the second half of 1996.

year to be equalled in

did better with a session rise

of Fl 3.10 to Fl 83.40, after a high of F183.80. The group upgraded its forecast for the full year after showing a 16 per cent improvement in

first half net profit.
Internatio-Muller, the traid ing group, saw growth of 12 per cent in its first half fig.

ures and the shares advanced Fl 2.80 to Fl 37.80. Nutricia, the food business, ended the day off 40 cents at Fl 191.60 before publishing a 51 per cent increase in first half net profit after the close of trading. Nedlloyd, the transport

and shipping company. added another Fl 1.20 to the FI 2.10 it rose on Wednesday to lift the shares to F138.30. WARSAW rose for the sixth consecutive session but a number of analysts felt that profit-taking could now set in The Wig index rose 2.9 per cent to 13,597.4 as turnover increased by 15 per cent to 119,8m zlotys. BUDAPEST extended its

gains, led by strength in the pharmaceutical sector. The Bux index rose 83.35 to 3,370.28 in turnover of Ft1.2bn, bringing the rise over the last two sessions to 6.2 per cent.

Written and edited by William Cochrane and John Pitt

ASIA PACIFIC

Nikkei rises as Wellington strikes 10 month high

Tokyo

A revival in foreign buying encouraged investors and the Nikkei average rose for the fourth consecutive day, led by a rally in banking stocks and steels, writes Emiko Terazono in Tokyo. The 225 index rose 88.22 to

21,363.24, after moving 21,239.85 and between 21,386.45. The Topix index of all first section stocks gained 8.04 to 1,613.96 and the Nikkei 300 1.84 to 300.46, finishing above the 300 level for the first time since July 19. Volume totalled 306m

shares against 341m. Gainers led losers by 531 to 453 with 223 unchanged. In London, the ISE/Nikket 50 index rose 1.77 to 1438.31.

banks and large capital steels, while domestic institutions were also buyers. Brokerage dealers were encouraged by tha turn-round in confidence, and followed the foreign activity.

Banks were stronger, helped by easier bond yields. Bank of Tokyo-Mitsubishi index rose 23.78 to 2,199.53 in rose Y30 to Y2,280, Dai-Ichi turnover of NZ\$79.5m. Kangyo Bank Y20 to Y1,900 and Industrial Bank of Japan Y60 to Y2,390. Among the big steels, NKK and Sumitomo Metal Industries each gained Y5, to Y311 and Y361 respectively.

bit profit taking. Nlppon Telegraph and Telephone fell Y1,000 to Y809,000, DDI dropped Y3,000 to Y921,000 and Matsushita Communication Industrial lost Y50 at Y3,030.

company which faces criminal investigation over its sales of untreated blood products in the 1980s, lost Y27 to Y474, after plunging August inflation, yesterday Y37 on Wednesday following a raid by Osaka prosecutors.
Other drug compaoies
were higher with Sankyo up
Y20 to Y2,810 and Takeda
Chemical adding Y20 to

The FT.SSP Actuance World indices are owned by FT-SE international Limited, Goldman, Sachs & Co. and Standard & Poor's. The Indices are complied by FT-SE international and Standard & Poor's in conjunction with the Foculty of Aductions and the Institute of Aductions. NatiWest Securities Ltd. was a co-founder of the Indices.

1.0 -0.3 -0.8 -0.6 -0.1 -0.8 -0.9 -0.9 -0.0 -0.0 -0.0 -0.0

The World Index (E421)....211.66 0.2 202.37 144.66 163.04 161.11 0.1 2.14 271.26 202.43 144.66 163.57 180.97 214.65 188.71 169.82 Converge: FT SE International Limited. Goldman, Socies and Co. and Standard & Poor's, 1996 All rights reserved. "FT/SEP Achieves" at a part trademark of The Phancial Times Limited and Standard & Poor's, Larger process users processable for the evapor.

OM Currency % chg Index Index on day

174.61 137.83

Grass Drv. Yield

4.18 2.04 4.08 1.90 2.21 1.85 2.54 3.37 3.51 2.50 0.75 1.69 2.08 3.51 4.29 2.39 2.39 4.10 2.18

Seondo Electrio -However, brokers also

In Osaka, the OSE average

rose 75.28 to 22,287.15 tn volume of 123.8m shares. Kane matsu NNK, a speculative Overseas investors bought favourite, lost Y300 to Y2,460.

Roundup

A briefing on the successful joint bid for Forestry Corp of New Zealand helped WKL-LINGTON to a 10-month high. The NZSE-40 capital

Fletcher Forest and Brierley Investments, the two New Zealand companies in the consortium which purchased FCNZ with Citic of China for NZ\$2bn, put on 9 cents to NZ\$1.95, and 3 cents Telecommunication stocks to NZ\$1.44 respectively.

MANILA leapt 2.45 per cent on relief that the US authorities bad not increased interest rates on Tuesday. Buying of blue chips and strong second-liners took the composite index Green Cross, the drug up 76.22 to 3,187.78.

Brokers hoped that, with robust gross national product figures expected at the end of the month, and lower marked the beginning of a rally. They also noted the market bad started well, after PLDT rose by \$1% to \$59% on Wall Street over-

time in six trading days. The SEOUL. unramittingly bearish, decided that a government-backed package of stock market reforms was unlikaly to bring buyers Australia eased 5 cents to back into the market and the composite index fell 9.49 to 779.63, its lowest sinca November 10, 1993.

about Seondo Electric, a maker of amission control davices, which went limit up to a 1996 peak of Won87,800, up Won4,900 on the day and by 367 per cent from its year's low. Sales of Seondo were expected to soar this year, and the shares to hit Won 100,000 in the near future.

SYDNEY fell for the first

All Ordinaries index lost 11.4 to 2,274.6. Banks were mostly lower: Commonwealth Bank of

A\$11.31 and National Australia Bank by 19 cents to A\$12.57. St George Bank, which found time to be bullish announced that it was to enter the insurance market, slipped 4 cents to A\$8.36.

Qantas Airways lost 3 cents to A\$2.14, in spite of reporting a 37 per cent gain in net profit for the fiscal which ended on June

SHANGHAI dropped on profit-taking after recent gains inspired by reports that the central bank was to

SHENZHEN fell back on the same theme, with the B index slipping 6.32 to 872.26. Dealers said the expectation that the Peopla's Bank of China would reduce lending and borrowing rates today in an effort to help ease debt

burdens at large state-owned

companies had baan

cut interest rates. The B

rumoured for some months. However, Guangdong Electric Power Davelopment. which reported a first-half rose by 5 cents to HK\$5.70. net profit of Yn354.7m against forecasts of

up 12 cents at HK\$5.62. Analysis were encouraged by the high revenue reported for a HK\$28.45 key generating unit which.

by a series of breakdowns. HONG KONG saw a late burst of buying in the banking and property sectors which left the Hang Seng indax up 42.27 at 11.478.77. Turpover was HK\$4.9bn. Companies with interests

last year, had been plugued

in mainland China were favoured on expectations for a cut in interest rates there. The Hang Seng China Enterprises Index rose 2.8 per cent as Guangdong Investment

Banks improved late in the day: Hang Seng Bank Yn192.8m, saw its B shares climbed 50 cents to HK\$81.50 and Bank of East Asia rose from an intra-day low of HK\$28.45 to finish unchanged at HK\$28.65.

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IN THE HIGH COURT OF JUSTICE CHANCERY DIVISION IN THE MATTER OF NO: 002618 OF 1996 CLERICAL, MEDICAL AND GENERAL LIFE ASSURANCE SOCIETY

in the matter of clerical medical investment group limited

IN THE MATTER OF THE INSURANCE COMPANIES ACT 1982 NOTICE IS HEREBY GIVEN dut a Petition was on the 9th May 1996 presented to Majeary's High Court of Justice in England by Clorical, Medical and General Life Asset Society (she "Society") for:

Society (the "Society") for:

111 as Order under Part 1 of Schedule 2C to the Insurance Companies Act 1982 (the "A sacretioning a scheme (the "Scheme") providing for the transfer to Clerical Med investment Group Limited (CBdIG) of the whole of the long term insurance business our on by the Society in the United Kingdom, Gibralter and Laucenburg; and
(21 as Order making amolitary provision in connection with the implementation of Scheme under paggraph 5 of the said Part 1.

Cooles of the Perinse the Scheme

of the Penison, the Schome, and a Report by an Independent Actorsy as required by ph 2(1) of the said Part I stary be inspected at each of the officers specified in the e heretn during usual business hours for a period of at least 21 days from the first

publication of this notice.

The Pention is threeted to be heard before it Companies Court Registrar at the Royal Courts of Justice. Strend, London WC2A 2LL on Wednesday 2 October 1996 and any person, including any employee of the Society or CMFG, who alleger that he would be adversely affected by the carrying out of the Scheme, may appear at the time of hearing, in spenson or post of the Society who dissents from the Scheme, may appear at the time of hearing, in spenson of the Society who dissents from the Scheme but does not intend so to appear, should give not less than two clear days prior andres or mixing of such intention or dissent, and the reason(s) therefore, to the solicitors standed below.

Copies of the Petistor, Scheme and Independent Acasary's Report will be furnished by such solicitors to any prouse requiring them prior to the solicitors to any prouse requiring them prior to the solicitors to any prouse requiring them prior to the solicitors to any prouse requiring them prior to the solicitors to any prouse requiring them prior to the solicitors to the priority of the pr

Lovell White Durant, 65 Holborn Vinduct London EC1A 2Dy, Ref: A3/KWC/JTY Solicitors for the Society

THE SCHEDULE Charlest, Mudlent and General Life Assurance Society

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Narrow Pain, Bathest BS2 02H
Clerical Motical House, Tricity House, Victoria, Road, Douglas, Isle of Man 10499 1LT
201-207 Wast George Street, Glatgow G2 2LL
Soile 1406-1410

Saine 1406-1410
14th Floor, Tower II, The Genevay, 25 Campa Road, Thirn She Tind, Kowloon, Hong Kong Pener Bouse, Oxford Street, Manchester MI 5BA

9/10 West Cuttre, Manufactor M1 188A

Clarked Madical Investment Group Limited

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Ernst & Young, State 1, International Floure, 115-28 Adment, Grecoe
Ernst & Young, Tone Pleased, Par Pablo Ruie Franto, 28020 Madrid, Spain
Ernst & Young Tone Pleased, Par Pablo Ruie Franto, 28020 Madrid, Spain
Ernst & Young, Adolf Fredelia Kyrokogan 2, 103 62 Stockholm, Sweden

Notice to Noteholders of The Export-Import Bank of Korea

U.S.\$100,000,000

Floating Rate Notes due 1997

The Fiscal Agent wishes to advise Notebolders under the captioned issue that redemption ontices for payment on the 25th September, 1996 should be lodged with themselves 26th August, 1996.

Redemptioo ootices shall be made in accordance with the Terms and Conditions for the issue Clause 5(d) - The Issuer will, at the option of the bolder of any Note, redeem such Note on any Interest Payment Date falling in or after September 1995 at its principal amount. To Exercise such option the holder must deposit such Note, together with all Coupons relating to it which mature after the date fixed for redemption, with any Paying Agent together with a duly completed redemption notice in the form obtainable from any of the Paying Agents, out more than 60 oor less than 30 days prior to such date. No Note so deposited may be withdrawn (except as provided for in the Fiscal Agency Agreement) without the prior consent of the Issuer."

> Fiscal Agent Cootact information: **LTCB Trust Company**

165 Broadway, New York, NY 10006, USA Fax No: +1-212-608-3081 Tel. No: +1-212-335-4900 Attention of Trust Dept.

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Westpac Banking Corporation (Incorporated with limited liability in the State of New South Wales, Australia)

US\$ 150,000,000 Subordinated Floating Rate Notes due 1997

In accordance with the Terms and Conditions of the Notes, no-tice is hereby given that for the Interest Period from August 23, 1996 to February 24, 1997 the Notes will carry an Interest Rate of 5,921875 % per annum.

The Coupon Amount payable on the relevant Interest Payment Date, February 24, 1997 will be US\$ 304.32 for each Note of US\$ 10,000 and US\$ 7,607.96 for each Note of US\$ 250,000.

> The Agent Bank Brown, Shipley & Co. Limited

LEGAL NOTICES

INSOLVENCY ACT 190 MILLENNIUM 2 GAMES LIMITED Formackerwise and Control & Control I Edit I Editor (CNIC) is being the Control of the footbase of the footbase of the footbase of the footbase and Company and the leaf of the control footbase control footbase control footbase (Control Control of the leaf of the control footbase (Control Control of the leaf of the control footbase (Control of the Control of the Co Sections 99 to 101 of the said Act.

A feet of the nature and addresses of the Company of Conditions may be impected free of charge between 10.000am and 5.000pc at Cloth Hall Court, Information Small, Leek 1817 and and to Winestey Commercial Courte, Lint Laws, Wenthey on the two brainship days packeding the date of the Meeting.

Dated August 20 1996

By Criter of the Shoul

ET MORECAN Division.

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